

Dow Tops 2,000 As Calm Returns

Compiled by Our Staff From Dispatches
NEW YORK — Prices on the New York Stock Exchange closed higher Monday, managing to avert the sharp losses and the volatility that had marked the first day of trading in the past two weeks.

The Dow Jones industrial average advanced for a fifth consecutive session, ending up 20.36 points at 2,014.02. It was its first close above 2,000 since Oct. 21.

The wild plunges that were a hallmark of the previous two Mondays, when the Dow dropped 508

points and 156 points, played no part in Monday's trading, although there were minor fluctuations in early trading.

Issues gaining in value led declines by about a 5-2 ratio, and all of the market's broader-based indexes ended higher. The New York Stock Exchange index closed up 1.84 at 142.74. The price of an average share was up 43 cents.

Volume was also lower than it has been in frantic trading during the past two weeks. About 176 million shares changed hands, the slowest session since Oct. 13, when 472.9 million shares were traded.

The trading day was again curtailed, ending at 2:30 P.M. instead of the normal 4 P.M.

In an effort to clear the backlog of trades built up in the heavy volume of the past two weeks, the market had shortened trading hours, beginning Oct. 23, when the NYSE closed at 2 P.M.

The hours will be lengthened gradually this week, and the exchange expects to return to normal hours on Monday.

The moderate trading volume suggested that the rampant emotionality that dictated wild swings in the market over the past few weeks had subsided somewhat, traders said.

"The fear and trembling is basically not prevalent," said Ronald B. Doran, head of institutional trading at First Albany Corp. "It's quieted down and is fairly stable right now."

"The market is starting to act a lot more orderly and the buying is becoming a little bit more widespread," said George Firona, a trader with Dreyfus Corp.

Analysts, who had expected the market to continue to make headway after the gains of the previous four sessions, welcomed a feeling of relative stability. The previous two Mondays had shown the Dow's two worst single-session drops in history.

"At this point, anything that approaches relative stability is to be welcomed," said Trude Latimer of Josephthal & Co. "The fact that the Dow is trading in a narrow range is just fine."

Ms. Latimer said the market was receiving the same news that had knocked it lower the past two Mondays — weakness in the dollar — with relative equanimity.

In the past several days, there has been growing belief that the U.S. Federal Reserve is willing to let the dollar decline further in order to keep monetary policy loose and allow domestic economic growth. Central banks often support their nations' currencies by raising interest rates, at the risk of slowing their economic growth.

Ernie Rudnest, manager of block trading at Mabon, Nugent & Co., said that after opening lower, the market "trilled" higher, though we've seen some of that back." He observed that investors were making selective purchases as they revamped their investment portfolios. He said traders had begun to analyze stocks to determine which would fare best in the current economic circumstances.

"I would say Washington has another two or three days before the market starts getting worried again," he said. (Reuters, UPI, AP)

After Stock Crisis, Only Mild Fallout

By John M. Berry
Washington Post Service

WASHINGTON — Federal Reserve officials trading U.S. financial institutions, brokerage firms and the economy in general after the recent stock market plunge, say they have found no indication of serious damage.

Senior Fed officials expressed amazement at the end of last week that the huge stock market decline had had so little fallout.

While many brokerage firms have suffered large losses, only a few smaller firms have failed, such as Pace Securities Inc., which went out of business Monday.

No one appeared ready to declare the crisis ended, but as time passes with no major failure, Fed officials are becoming more relaxed.

Officials said that no financial institution had sought federal help, such as large loans from the Federal Reserve.

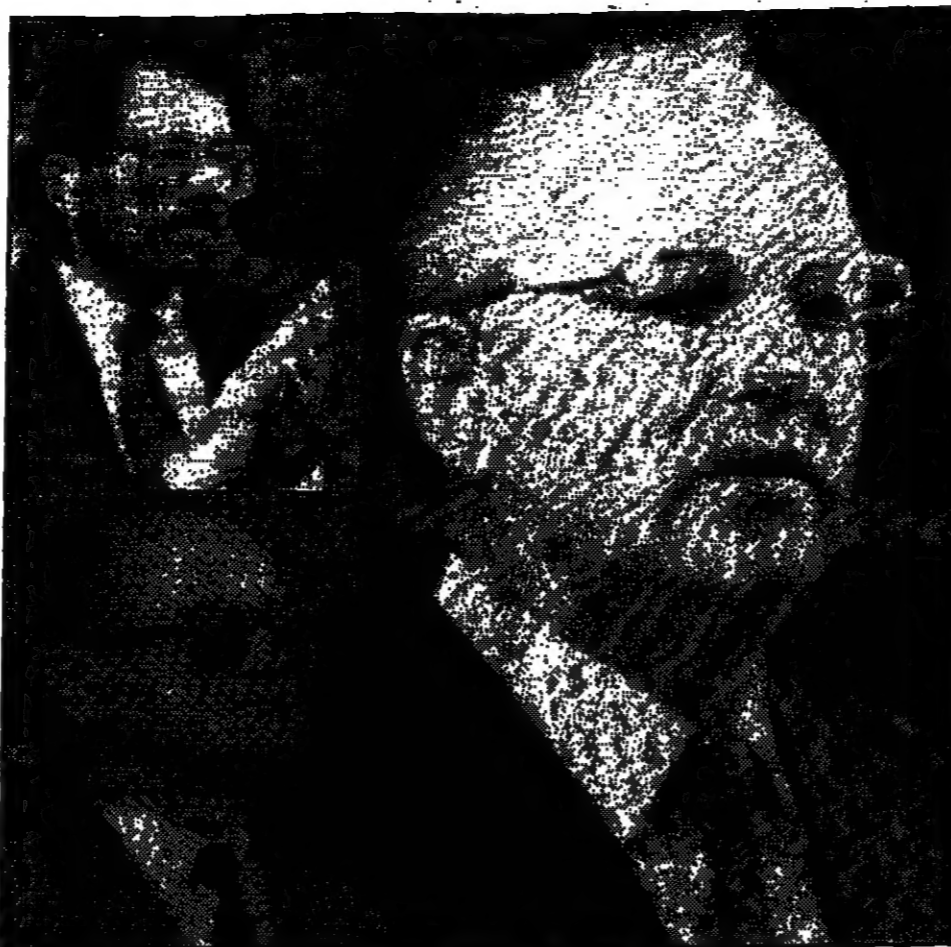
As a result of market-related losses.

Although bank loans to brokers and others involved in the market jumped by \$5 billion or more shortly after the plunge, officials took care to avoid a "light beige" in the money supply without having any inflationary consequences as long as the added uncertainty in financial markets caused people and firms to hold larger cash balances than they normally would.

Other Fed officials said the fact that rates on three-month Treasury bills have come down significantly more than many other short-term rates, and that the difference in rates on three- and six-month Treasury bills has widened substantially, are signs of this desire to increase what economists call "precautionary balances."

The demand for three-month Treasury bills often goes up in times of uncertainty. The T-bills pay interest yet can be easily turned into cash, and they are less risky than longer-term investments, even other U.S. government securities.

But Mr. Angell said the Fed would withdraw the added cash from the banking system at some point.



President Daniel Ortega of Nicaragua, top left, and General Wojciech Jaruzelski of Poland listening Monday as Mikhail S. Gorbachev delivered his speech, right.

Zhao Elected to Head a Younger Politburo

By Daniel Southard
Washington Post Service

BEIJING — The Chinese Communist Party elected Prime Minister Zhao Ziyang as its leader Monday to head a younger Politburo dedicated to transforming China into a more open and stable, market-oriented nation.

Mr. Zhao's election as party general secretary, together with the election of a new Politburo, seemed to dramatically shift the balance in favor of the economic changes that

have been introduced by Deng Xiaoping, the senior leader, and his protégé, Mr. Zhao.

The party Monday went beyond what many observers predicted in electing a new 18-member ruling Politburo that was packed with officials who embrace Mr. Zhao's pragmatic approach to change. The election seemed to bring a resolution to months of party infighting over policies and leadership.

The new Central Committee, meeting Monday for the first time after a weeklong party congress, elected a five-member Politburo standing committee, the country's top decision-making body, with Mr. Zhao as its head.

Mr. Zhao, 68, is the only hold-over from the old standing committee elected last year. The new committee members have an average age of about 63.

In addition to Mr. Zhao, the four

other members of the new standing committee are Hu Qili, who is expected to oversee propaganda and ideological affairs, and the deputy prime ministers, Yao Yilin, Qiao Shi, and Li Peng.

Li Peng, 59, is expected soon to replace Mr. Zhao as acting prime minister, with Mr. Zhao taking over party affairs.

Western diplomats said that the Politburo as a whole and included three members — Li Peng, Qiao Shi, and Yao Yilin — who would be easily accepted by the "conservative" party elders who have resigned from key party positions.

Mr. Zhao was also elected Monday as first vice chairman of the state's highest administrative body, the State Council.

As expected, Mr. Deng was ap-

Gorbachev Criticizes Opponents of Reform, Assails Past Repression

By Philip Toubman
New York Times Service

MOSCOW — Mikhail S. Gorbachev restored to respectability two discredited figures from Soviet history Monday, Nikita S. Khrushchev, the former Soviet leader, and Nikolai I. Bulganin, a revolutionary theorist executed by Stalin in 1938.

In a three-hour speech marking the 70th anniversary of the revolution, Mr. Gorbachev praised both men for making important contributions to the development of the country.

But he did not fully clear their names.

His remarks appeared to open the way for the partial rehabilitation of two men whose disappearance from the official record of Soviet history has symbolized the party's unwillingness to confront a troubled past.

Touching on periods and historical figures that have been suppressed in recent decades, and denouncing Stalin for committing

"enormous and unforgivable" crimes, Mr. Gorbachev offered a more candid public account of Soviet history than any leader since Khrushchev first opened closed chapters three decades ago.

But Mr. Gorbachev's nationally televised address in the Kremlin Palace of Congress, which kicked off a weeklong commemoration of the Bolshevik seizure of power in 1917, fell short of the unstinting recapitulation of history that many Russians had expected from a man who has made *glasnost*, or openness, a theme of his leadership.

Ranging widely across foreign and domestic issues as well, Mr. Gorbachev said the inevitability of conflict between communism and capitalism was giving way to a new era of guarded cooperation in an "interrelated, interdependent" world.

He said that Moscow wanted to encourage greater independence among socialist countries.

"We have satisfied ourselves that unity does not mean identity and uniformity," he said.

Urging his countrymen to press ahead with the changes that he has initiated in the economy and other areas of Soviet life, Mr. Gorbachev indirectly criticized Boris N. Yeltsin, who recently threatened to resign as the Moscow Communist Party leader because of the slow pace of change.

Along with exposing and overcoming conservative opposition to change, Mr. Gorbachev said it was also imperative to "successfully to the pressure of the overly zealous and impatient."

Mr. Yeltsin, whose actions at a party meeting last month provoked a political crisis, said expressions of two rows behind Mr. Gorbachev.

With the members of the ruling Politburo and other party leaders arrayed behind him in stinging tiers of seats, Mr. Gorbachev said it was important to examine the past because "even now there are still attempts to turn away from painful memories of the past."

Mr. Gorbachev is a moment of reflection, he said, "on how difficult and ambiguous our affairs and decisions were at times."

Tempering his criticism of Stalin with praise for his World War II leadership, and underlining his support of Khrushchev and Bulganin with critical comments, Mr. Gorbachev seemed anxious to reassure the party and country that he was not challenging the Soviet system itself.

Mr. Gorbachev may also have felt constrained by the occasion, and the need to celebrate, as well as examine, Soviet history.

The speech appeared to signal that a fractious exploration of history that has gained momentum under Mr. Gorbachev can continue.

ue, but probably more slowly, and with greater limits, than many scholars, cultural figures and journalists had hoped.

Roy A. Medvedev, a historian whose critiques of Stalin have not been published in his homeland, said: "Some expected it to be a radical review of history. Others expected he would just scratch the surface. I expected something in between, and that's about where it came out."

Speaking to an audience of 5,000 Soviet officials and foreign dignitaries in the glass-enclosed auditorium, Mr. Gorbachev was not as harsh or as detailed in his indictment of Stalin as Khrushchev was 30 years ago.

"To remain faithful to historical truth we have to see both Stalin's incontestable contribution to the struggle for socialism, the gross political errors and the abuses committed by him and those around him," Mr. Gorbachev said.

"Contrary to the assertions of our ideological opponents, the Stalin personality cult was certainly not inevitable," he added.

Mr. Gorbachev announced that the investigation of Stalin's actions, begun by Khrushchev in the 1950s but cut short in the early 1960s, would be renewed by a special commission appointed by the Politburo last month. He said that appropriate decisions would be made on the basis of the commission's findings.

Soviet Chief Says Beware Of Naysayers

Compiled by Our Staff From Dispatches

MOSCOW — Mikhail S. Gorbachev said Monday that "conservative" forces were undermining their own plans to reshape the Soviet social and economic systems.

He said the conservative elements, which he did not further identify, saw his program of *perestroika*, or restructuring, "simply as a threat to their selfish interests and objectives." Their resistance could be felt both at the management level and on the factory floor, he said, adding, "It would be a mistake to take no notice" of such resistance.

"Naturally these people never say that they oppose *perestroika*," he said in his speech marking the 70th anniversary of the Bolshevik Revolution. "Rather, they would have us believe that they are fighting against its negative side-effects, that they are guardians of the ideology."

See REFORM, Page 2

Kiosk

U.S. Says Japan Ends Dumping

WASHINGTON (AP) — The United States has from evidence that Japanese dumping of computer chips in third countries has halted, the Commerce Department undersecretary for international trade, Bruce Smart Jr., said Monday.

His statement set the stage for easing of U.S. trade sanctions against the Japanese semiconductor industry. He added that the United States still is not satisfied with its access to Japan's semiconductor market.

He urged Western governments not to commit themselves to "over-ambitious" exchange rates. He said it was more realistic to manage the existing currency system "pragmatically and flexibly."

Reaffirmation of Bonn's stance came as international recommitments continued over who was at fault for sparking last month's world stock market collapse and the subsequent upheaval in foreign exchange markets.

James A. Baker 3d, the U.S. Treasury secretary, who was widely criticized for triggering the crisis by publicly condemning West German interest rate policy, was reported to have pointed the finger back at the Bundesbank leadership.

René Lévesque, the former premier of Quebec, died at 65.

GENERAL NEWS
Algeria reportedly is backing away from a formal union with Libya.

Dow close: UP 20.56
The dollar in New York:
DM \$ Yes FF
1.74 1.7105 136.95 5.888

5 German Institutes Press Tax Cuts as Bonn Resists

By Reginald Dale
International Herald Tribune

West Germany continued Monday to resist pressure to expand its economy, flatly rejecting early tax cuts and reasserting the priority of combating inflation.

In Bonn, the government dismissed another call for bringing tax cuts forward to promote growth, as the United States and other Western nations have been urging.

But this time the appeal came not from abroad but from West Germany's five leading economic institutes. They warned that the country's economy would grow by only 2 percent next year, not the 2.5 percent the government predicts.

In New York, Karl Otto Pöhl, president of the Bundesbank, the West German central bank, also defended the country's strict anti-inflationary policies against foreign complaints that they have been too restrictive.

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Mr. Baker recently told associates, according to Newsweek magazine, that the fault lay with Helmut Schlesinger, the Bundesbank vice president, for enforcing a series of West German interest rate increases at a time when Mr. Pöhl and Gerhard Stoltenberg, the finance minister, had promised Washington to hold rates down.

"It's a little clique headed by Helmut Schlesinger," Mr. Baker was reported to have said. "They are rigid monetarists bent on zero inflation no matter what."

While the Bundesbank in Frankfurt, See BAKER, Page 15



Li Peng, asked Monday about the origins of the well-tailored suits, showed off his latest "look" in China.

AIDS Offers a Test of Courage and Love in Smalltown, U.S.A.

By Dirk Johnson
New York Times Service

WASCEA, Minnesota — The night before his high school class reunion, the telephone rang for Dean Lechner.

A classmate he had known since kindergarten was calling on behalf of the reunion organizing committee, she said, to tell him not to come.

"If you come," she warned, "people will leave."

And for the first time since Mr. Lechner had been diagnosed as having AIDS, he sat down and cried.

AIDS strikes most often in big cities, but many of its victims have come from small towns like Wasceca, a quiet place of 8,000 people in the farm country of southern Minnesota.

Often just out of college, many young people had left for New York or Chicago or San Francisco, ambitious and bursting with notions about life in a glamorous metropolis. For homosexual men, there loomed all this and more: the promise of tolerance in the city, a chance to live out loud a way of life that had been unspeakable back home.

But their dreams have been mocked by acquired immune deficiency syndrome. And they return to their small towns, not in triumph over successes in the city. They go home instead to die.

They most often return to Mom, because her arms are usually open, even as so many doors are slamming shut. And Elvira Lechner, a tiny, 68-year-old woman with painful arthritis, embraced her son with a love he termed better "than any medicine at any hospital."

For most of his adult life, Mr. Lechner had lived in San Francisco, where he became assistant to the president of a political fund-raising company. He worked with John Anderson when he ran for president in 1976 and Bella Abzug when she was a New York congresswoman. He attended the inaugural ball for Supreme Court Justice Sandra Day O'Connor.

"It was everything a small-town boy from the Midwest could dream of," Mr. Lechner said.

Last Thanksgiving he returned to Wasceca to explore the idea of starting a business with his brother, a woodworker, to sell crafts. The plan never got off the ground, and then Mr. Lechner became ill in the spring.

When he was diagnosed as having AIDS, he knew that staying in Wasceca would mean facing certain risks.

Dean, Curtis Lechner was born Nov. 10, 1953, in Wasceca Community Hospital, the son of Elvira and Edward Lechner, a civil engineer, and the grandson of immigrant farmers from Germany and Sweden.

He grew up in a 19th-century, white clapboard house on a nameless country road. He was baptized and confirmed at St. Peter's Lutheran Church, about 100 steps from his front door, and he played Little League baseball at Clear Lake Park, under the watchful eye of his father, a former semiprofessional ball player who died in 1985.

He attended Wasceca public schools from kindergarten through high school, where his yearbook shows a smiling, solid young man with brown hair in the longest style of the early 1970s and a few whiskers sprouting to amount to a mustache. Beneath his name, it listed his credits: "Football, 9, 10; Basketball, 9, 10, 11, 12; Debate, 10, 11; Declaration, 11; Chorus, 9, 10, 12; National Honor Society, 12."

The yearbook gave no clue that classmates called him "queer" behind his back or that his car was swarmed with venomous graffiti.

At a school dance, he was his over the head with a beer bottle. He picked himself off the floor to leave, only to be followed by his tormentors in a car and a pickup truck that tried to run him off the road. At home that night, he closed the garage door and left the car motor running for a time. And he pondered taking his 17-year-old life.

Last May, when Mr. Lechner caught a cold marked by persistent wheezing and coughing, he thought the culprit was the windswept dust on his sister's farm, where he sometimes stayed. He saw a doctor in Wasceca and was diagnosed with bronchitis.

"Never once did I even imagine it could be AIDS," said Mr. Lechner. "For the last three years, I had either been celibate or practiced 'safe sex.' I thought I was safe."

But his condition worsened. He felt so weak that he stayed in bed for 14 days. On the afternoon of June 2, he felt his neck tighten as though he was being strangled by invisible hands. His temperature soared to 104.

See AIDS, Page 2

For Malaysia, an Image Sullied by a Crackdown

By Barbara Crosscut
New York Times Service

KUALA LUMPUR, Malaysia — Among the freest and most democratic of Southeast Asian nations, where the world's industrialized democracies seemed their hopes after Indonesia's fall under Communist rule, Malaysia always seemed poised for Western success.

While not as rich as Singapore, Malaysia, with 16 million people, worked hard to build a modern economy based on Malay culture. Kuala Lumpur became Southeast Asia's most pleasant "city" with landscaped streets, swimming pools, high standards of living for all its people.

Political diversity flourished. Parliamentary elections took place regularly. The military of Indonesia and Thailand was avoided, and a host of professional and public interest groups fostered a lively debate on national issues.

Last week, Malaysia's political image shattered in an un expectedly harsh and sweeping demonstration of the limits of dissent in Southeast Asia.

Now, Kuala Lumpur is ringed with police roadblocks. Ninety-one critics of Prime Minister Mahathir bin Mohamad, including the leader of the political opposition, are in jail. Police raids have been going on since Tuesday, under a law that allows detention without trial.

Mr. Mahathir says the action, taken under a law against subversives and terrorists, was necessary to "defuse racial tension" between the country's dominant Malays, who make up 48 percent of the

See DISSENT, Page 2

U.S. Accuses Iran of Rebuffing Its Bid for Face-to-Face Talks

By Elaine Sciolino
New York Times Service

WASHINGTON — The United States has asked Iran for face-to-face meetings for several months but has been rebuffed, according to Reagan administration officials.

"We are prepared for a structured, authoritative dialogue with the Iranian government at a responsible level," Edward P. Djerejian, senior deputy assistant secretary of state for Near Eastern and South Asian affairs, said in an interview.

"We think direct communication between the U.S. and Iran would be a step in the right direction in trying to resolve our differences."

The administration's willingness to talk, he said, was part of a two-track carrot-and-stick policy.

The recent conciliatory statements came against a background of heightened tensions and worsening relations between the two countries. Last week, President Ronald Reagan announced an embargo on Iranian exports to the United States and further curbs on American exports to Iran.

The curbs were taken in response to Iran's use of force against shipping in the Gulf and its continued support of terrorist groups, the president said. Moreover, Washington has said that if Iran does not accept a UN resolution mandating an immediate cease-fire, it will push for a global arms embargo against Iran.

The administration has conveyed its willingness to talk by

sending written messages to Tehran through the Swiss, who represent U.S. interests there, and by oral requests through countries having good relations with Iran, Mr. Djerejian said. He said Iran has replied with "unacceptable conditions," which he would not discuss.

According to a senior foreign diplomat involved in transmitting the messages, Iranian officials have consistently hinted, through third parties, that better relations with the United States would be possible only when Washington delivered arms that Tehran had contracted for before the Iranian revolution. The Iranians are particularly galled that they pay \$100,000 a month in storage fees in the United States for arms they paid for. The Carter administration im-

pounded the arms during the 1979 hostage crisis.

After revelations that the United States secretly sold arms to Iran to help free American hostages in Lebanon, senior administration officials, including Secretary of State George P. Shultz, said repeatedly that the United States would be willing to engage in discussions with Iran but not about arms.

The United States is also pressing Iran to accept the Security Council resolution mandating a cease-fire in the messages. "We want to show the Iranians that in our view at least there's a diplomatic way out of the mess," said Mr. Djerejian.

The U.S. messages at first generated no response, but now are replied to regularly by Iran's Foreign Ministry, officials said.

Rafsanjani Accuses UN
Roberto Suro of The New York Times reported from Dubai: A senior Iranian leader accused the United Nations of procrastination and deception in its Gulf peace effort, proclaiming that Iran will answer a cease-fire proposal with a new offensive.

The public criticism of the United Nations by the speaker of Iran's Majlis, or parliament, Hashemi Rafsanjani, came just after a senior Soviet envoy left Tehran.

Mr. Rafsanjani, who also heads the Supreme Defense Council, spoke as Secretary-General Javier Pérez de Cuellar of the United Nations is about to consider Iranian and Iraqi responses to his latest mediation effort in the seven-year Gulf War. He is expected to report on his effort this week.

U.S. Ship in Gulf Action
A U.S. frigate opened fire on one of three suspected Iranian vessels that approached at high speed in the Gulf on Sunday, the Defense Department said, according to a Reuters report from Washington.

All the vessels turned away and left the area after the guided-missile frigate fired its 50 caliber machine guns, a statement said. It was not clear from the statement if any of the three was hit.

The Pentagon said the boats, a traditional Gulf dhows-type craft and two speedboats, headed toward the U.S. merchant ship Patriot as it was leaving the Gulf, escorted by the Carr. They did not open fire on the U.S. ships but ignored initial warning shots fired in their direction, it said.

WORLD BRIEFS

Syria Prime Minister Changes Cabinet

DAMASCUS (Reuters) — Prime Minister Mahmoud Zuhri of Syria has made several changes to his 36-member cabinet, according to the semi-official newspaper, al-Thawra, Monday.

Mr. Zuhri succeeded Abdul Raouf al-Kasm, who resigned Saturday after parliament forced four ministers accused of mismanagement out of office.

Al-Thawra said the appointments include Mianios Habib, 48, as oil and mineral resources minister, and Khaled Mahayni as finance minister. Among those who lost their jobs were Oil Minister Ghazi Droubi, Finance Minister Qahhan Seyoufi and Foreign Affairs Minister Issam al-Naeb.

Sihanouk Rejects Offer by Cambodia

BANGKOK (AFP) — Prince Norodom Sihanouk, the Cambodian resistance leader, has rejected an offer of a high position in the Cambodian government in Phnom Penh, his office said here Monday.

It was the prince's first official reaction to the peace plan proposed on Oct. 8 by the government of Heng Samrin, installed by the Vietnamese after they toppled the Chinese-backed Khmer Rouge in 1979. Phnom Penh also offered to hold general elections as a prelude to forming a coalition government and having Vietnamese forces withdraw from the country.

The statement did not confirm reports that Prince Sihanouk had suggested a meeting in Paris with Hun Sen, prime minister of the Phnom Penh government, between Dec. 12 and 30 for what would be the first peace talks in the Cambodian conflict.

Titanic Safe Empty, Photo Chief Says

PARIS (AP) — A safe brought up from the wreck of the Titanic and shown on television last week was actually empty when found on the ocean floor, according to the president of the Sygma photo agency that has rights to the expedition.

Hubert Henrotte, whose company purchased exclusive rights to pictures of the Titanic recovery, said in a statement Sunday that the bag of coins taken from the safe by Telly Savalas, host of the television special shown live Oct. 28 in the United States and several other countries, must have been found on the ocean floor nearby.

Robert Chappaz, a spokesman for Taurus International, the French company that helped organize the expedition, denied Mr. Henrotte's charges. "What was displayed was found inside," he said.

Kasparov Has Advantage in 8th Game

SEVILLE, Spain (Reuters) — The eighth game of the world chess championship between the titleholder, Garry Kasparov, and his challenger, Anatoli Karpov, was adjourned Monday.

Experts said Mr. Kasparov has a substantial advantage and has good chances to win the game and equalize the 24-game match. The game is scheduled to resume Tuesday.

Mr. Karpov leads the match, 4-3. The title will go to the first player to win six games or to accumulate 12.5 points. If the match ends in a 12-12 tie, Mr. Kasparov retains the title.

GAME 8 ENGLISH OPENING					
White Kasparov	Black Karpov	White Kasparov	Black Karpov	White Kasparov	Black Karpov
1. e4	c5	15. Qc1	f5	29. Ra2	Bb6
2. Nc3	d6	16. Bg7	Qe8	30. Ng5	Bd8
3. d4	c4	17. Be7	Qd7	31. Re2	Bg7
4. Bg2	Nd6	18. e5	Re5	32. Qc2	Rd8
5. a3	g6	19. Nd5	Qd7	33. Ne3	Rb6
6. b4	Bg7	20. Qd3	Nd5	34. Bd5	Bg7
7. Rb1	Nf7	21. Ne3	Rb8	35. Qd1	b5
8. c5	d5	22. Ne4	Nb7	36. Ne4	Qd8
9. d5	Rb8	23. a4	Nd5	37. Ra2	Bc8
10. Ng2	Be8	24. b4	Nb7	38. Ne3	b5
11. b5	Nd5	25. Kd2	Rb8	39. Be4	Re6
12. Bc2	Ra1	26. Ra1	Nd7	40. Ne4	Bb6
13. 0-0	Nb7	27. Ra3	Rf7	41. Ng2	Kg7
14. e4	Kb8	28. Qc3	Rd8	42. f4	adjourned.

Court Lets Affirmative Action Stand

WASHINGTON (AP) — The U.S. Supreme Court, declining to take a new look at affirmative action, refused to revive an Indiana school district's plan for protecting the jobs of black teachers from layoffs.

The court, without comment, left intact a ruling that the rights of white teachers in South Bend, Indiana, were violated when they were dismissed before blacks with less seniority.

The South Bend plan was challenged after school officials laid off 146 white teachers in 1982 because of declining pupil enrollment and budget constraints. The dismissed teachers included 48 with more seniority than black teachers who were retained.

For the Record

The NBC television network, which had already announced plans to cut 200 jobs, will lay off 500 more of its nearly 8,000 employees next year, according to a 1988 business plan presented to General Electric Co., which owns NBC. (NYT)

A 25-year-old East German laborer climbed border barriers before dawn Sunday and crossed to West Germany, police said Monday. (AP)

TRAVEL UPDATE

238 Told to Leave Overloaded Ferry

FOLKESTONE, England (Reuters) — More than 200 passengers were ordered off a British cross-channel ferry Sunday night after its captain turned back to the French port of Boulogne, fearing the vessel was overloaded, its owners said Monday.

The ship, the Sealink company's Horsa, was 10 minutes out of Boulogne on its way to Folkestone when a check of ticket stubs showed too many people were aboard. A Sealink spokesman said 238 passengers were told to get off. Sealink is investigating the incident.

One passenger said the ferry was so full that people had to stand on deck in the rain. In March, more than 180 people were killed when the Herald of Free Enterprise, a Townsend Thoresen ferry, capsized after setting sail from Zeebrugge, Belgium, with its loading doors open.

Ground crew continued intermittent strikes Monday at Rome's Leonardo da Vinci Airport and most other Italian airports, causing flight cancellations and delays. (UPI)

DISSENT: An Image of Progress Sullied in Malaysia

(Continued from Page 1)

population, and a large ethnic Chinese minority of about 37 percent.

The 91 people arrested are drawn from almost every major political party and public interest group — environmentalists, consumer advocates, human rights campaigners, social and religious figures. The head of the country's only independent television station was arrested Saturday.

Four newspapers have been closed, and all public meetings have been banned. The moves, which follow the arrests of 22 people under similar circumstances in neighboring Singapore earlier this year, have shocked not only Malaysia but also the region.

No specific incident or movement provoked this silencing of the prime minister's critics. Residents of Kuala Lumpur say, however,

CHINA: Zhao Heads New Politburo

(Continued from Page 1)

the final arbiter in leadership disputes.

A Relaxed New Leader
Mr. Zhao, who was virtually unavailable to foreign journalists since becoming prime minister seven years ago, waded into crowds of reporters on Monday, joking and chatting, news agencies reported from Beijing.

An hour after he was confirmed as the Communist Party leader, Mr. Zhao arrived at a cocktail reception in the Great Hall of the People. With him were the four other new members of the Politburo's standing committee.

Mr. Zhao spent an hour walking round the room, answering questions, proposing toasts and shaking hands.

"Speaking for myself, I would rather remain prime minister than party chief," he said. "But the delegates have chosen me. No one has absolute freedom."

Mr. Zhao toasted the health of Chinese-Japanese relations, chided U.S. congressmen for their criticisms of policies in Tibet and noted

that tensions had risen recently after Chinese leaders objected to the appointment of principals inadequately proficient in Mandarin to Chinese schools.

Critics say the Mahathir government, in power since 1981, has periodically raised the specter of racial violence in the controlled press to take credit for preventing such violence. The last major outbreak occurred in 1969, when Malay mobs attacked Chinese neighborhoods.

A Bangkok newspaper, The Nation, said in a recent editorial that Mr. Mahathir, unable to control a rift in his own party, challenges from Islamic radicals, and political and economic disaffection among Chinese and other non-Malays, had apparently "decided to create a crisis situation" that could lead to emergency rule.

Many Malaysians said they believed this was a correct reading of events. Others said the moves might be intended only to frighten critics, not destroy institutions.

Government officials here declined to be interviewed on the arrests, referring questions to the prime minister's speech in Parliament.

In that speech, Mr. Mahathir said certain individuals and organizations were testing the government's "liberalism" at a bad time.

Mr. Mahathir is committed to an economic program advancing Malaysia at an acknowledged cost to the Chinese, who dominated the economy at independence and for some years after. But as commodity prices have fallen worldwide and the domestic economy has been weakened by financial scandals, both Malaysians and Chinese are being negatively affected.



Nikita S. Khrushchev in 1963.

Contrasts With Khrushchev: Open Doors — and Brevity

International Herald Tribune

When Nikita S. Khrushchev rose before the 20th congress of the Soviet Communist Party on Feb. 24, 1956, to lay bare the facts on Stalin, then dead almost three years, there was none of the publicity that accompanied Mikhail S. Gorbachev's assault Monday on the dictator's "enormous and unforgivable crimes."

Mr. Gorbachev's speech lasted two hours and 40 minutes, was broadcast live on television and was instantly made available in several foreign languages.

Khrushchev's six-hour speech, behind closed doors, was never published in the Soviet press. But people knew what was meant when newspapers suddenly started attacking "the cult of personality."

Any doubts were removed when, on March 5, 1956, the press pointedly ignored the third anniversary of Stalin's death. On March 25, Pravda made the first attack on Stalin by name, accusing him of "resorting to self-glorification" and of disregarding the principle of collective leadership.

Despite the relative internal secrecy, Khrushchev's speech quickly circulated in the West and in Eastern Europe. It said, among other things, that Stalin caused the deaths of thousands of innocent people, that he ruled the nation and the party by methods of terror and torture, that he was a pusillanimous and ineffective war leader and that he became increasingly vainglorious.

Khrushchev's speech was followed by the release of a number of people imprisoned by Stalin and the rehabilitation of many who had been executed in the purges of the 1930s — a process Mr. Gorbachev said he intended to continue. It had profound repercussions on Soviet culture, science, literature and historical research.

In dealing with a long and painful episode in the nation's history, both Khrushchev and Mr. Gorbachev raised the question of how Stalin could be denigrated without undermining the system that made his rise to power possible. Apparently, many would still prefer to avoid raking over the embers of a painful past. "Even now," Mr. Gorbachev said, "there are some attempts to turn away from painful matters, to make believe that nothing special happened."

AIDS: One Man's Illness Brings Out Courage and Love in Smalltown, U.S.A.

(Continued from Page 1)

degrees. He was taken by ambulance to the Mayo Clinic in Rochester, Minnesota.

The next few days were devoted to tests, which confirmed the worst, and to calling the family. Doctors gave him "months to a year" to live.

Bone-thin, his beard shaggy and his eyes bleary, Mr. Lechner told his family he would not be staying in Waseca but would return to San Francisco. He said he refused to put them through the pain that lay ahead.

"Do you know what happens to people with AIDS?" he asked them. "Did you know that I'll lose my mind before I die?"

But this was a family that knew something about sickness and about stigma. In 1948, five years before Mr. Lechner was born, the state Health Department nailed a black and white sign to the family's front door, warning the public to stay away. His brother was stricken with polio.

For six weeks, the family was quarantined. Their groceries were left on the back steps.

His sister, who was then 12 years old, had squared off with the boys who would knock her younger brother down and throw his crucifixes in the snowdrifts.

And now the sister, Barbara Crumb, spoke up again. This family could stand the heat, she said, and anybody else be damned.

"Dogs go off to die, Dean — and you're no dog," said Mrs. Crumb, a church organist. "You're a son; you're a brother. And you are loved."

It was decided that the family members would take turns caring for Mr. Lechner. Most of the time, he would stay in the house where he grew up, with his mother.

When her son first came home, Mrs. Lechner did not sleep for seven days. She stopped going to bingo so she could watch over him and make sure he took his prescribed pills every four hours. She now spends time clipping newspaper articles about AIDS research and experimental treatment. She brings her son coffee every morning, cooks him hearty meals and pesters him about not going outside in the chill air.

And when she cries, she goes into her bedroom and shuts the door. She does not want him to worry.

"I have trouble talking about it, even with my minister," she said. "But Dean has my support all the way."

He has known that for a long time. Not long after he moved to San Francisco, she had gone to visit him. At the time, he did not know quite how he would explain his way of life.

When she arrived, she saw that he was living with a man in an apartment with one bedroom.

Not a woman at ease with words, she had stammered a bit in trying to explain her feelings. Her son does not remember precisely what she said that day, but the meaning was clear: "You are my son, and I love you."

After the diagnosis, Mr. Lechner began an experimental treatment at the Mayo Clinic. The drug AZT brought his weight back to 165 pounds. And the pain subsided.

To look at him, it is impossible to know that Mr. Lechner has AIDS. But it is no secret in Waseca. The week he was diagnosed, The Waseca County Daily News ran a banner headline announcing his condition. "AIDS has moved into Waseca County," the first paragraph read.

"How can you possibly live in that little town?" a friend in San Francisco asked over the telephone.

The answer would come at the grocery store, the diner, the post office, the barber shop.

The owner of a hair salon, which Mr. Lechner had stopped patronizing for fear he would chase away customers, spotted him downtown and wrapped her arms around him.

"We miss you," said Susan Burn, the owner of Classic Cuts.

"That could be my kid or brother," said Dave Condon, 32, who runs the Condon Farm Service feed

store. "You don't kick a guy when he's down."

Nearly 200 cards of support were mailed to Mr. Lechner. People sent books, poems, prayers, money.

Telephone calls came from people Mr. Lechner had not seen in years. Flowers of every color were brought to him. A Roman Catholic nun brought a long-stemmed rose, a symbol of hope, she said.

But when the call came from the woman on the reunion committee, he wondered if he had given the town too much credit.

The next afternoon, he went to the home of Wayne and Bonnie Brown. Mr. Lechner is a friend and former classmate of their daughter, Laurie, and has visited their home for years.

When he walked in the door, Mrs. Brown greeted him with a hug and some instructions.

"You're going to that reunion," she said, "with your head held high."

By then, word of the phone call and the reunion committee's vote to exclude Mr. Lechner had swept around town.

But in fact, there had been no vote. The woman, frightened by the prospect of catching AIDS, had fabricated the story. And when the other committee members learned what she had done, they were angered.

"This is a bunch of horse manure," said Kent Huntington, a barber and member of the reunion committee. "This poor guy is dying, and now we're shunning him?" Dean Lechner went to school here for 12 years and never hurt anybody.

He called his wife, Nancy, who had been a good friend of Mr. Lechner in high school, and explained the ruse. In tears, Mrs. Huntington called Mr. Lechner.

"If you need someone to eat dinner with at the reunion please come with us," she said.

It would not be the only invitation. Mr. Lechner attended the reunion. And no one left.

There, he saw the faces of those who had tormented him in high school. One by one, they came to him and apologized.

He accepted each apology with a handshake. And later, he turned to the woman who had warned him not to come. He raised a glass of champagne and said, "I understand."

She turned and walked away.

U.S. Plane Crashes Off Japan

TOKYO — A U.S. Air Force reconnaissance plane crashed Monday during a training flight off Okinawa and one crewman was missing, a U.S. Air Force spokesman said. A second crewman was rescued by a nearby ship after bail- ing out, the spokesman said.

Gorbachev Cites Stalinism's 'Dire Effect'

Following are excerpts from Mikhail S. Gorbachev's speech Monday marking the 70th anniversary of the Bolshevik Revolution.

By the end of the '30s the Soviet Union had moved to first place in Europe and second place in the world for industrial output, becoming a truly great industrial power...

In the most difficult conditions, in the absence of mechanization, on semi-starvation rations, people performed miracles...

At the same time, the period under review also saw some losses... People had begun to believe in the universal effectiveness of rigid centralization, that methods of command were the shortest and best way of resolving any and all problems...

In industry — given its scale at the time, when literally all the main components of the industrial edifice were conspicuous — such methods, such a system of management, generally produced results. However, an equally rigid centralization-and-command system was impermissible in tackling the problems of refashioning rural life...

A conviction had arisen that all problems could be solved at a stroke, overnight. Whole regions and parts of the country began to compete: Who would achieve complete collectivization more quickly? Arbitrary percentage targets were issued from above. Flagrant violations of the principles of collectivization occurred everywhere...

But, comrades, if we assess the significance of collectivization as a whole in consolidating socialism in the countryside, it was in the final analysis a transformation of fundamental importance...

But the aforesaid does not give a full picture of how complex that period was... An atmosphere of intolerance, hostility and suspicion

was created in the country... All this had a dire effect on the country's sociopolitical development and produced grim consequences.

Quite obviously it was the absence of a proper level of democratization in Soviet society that made possible the personality cult, the violations of legality, the wanton repressive measures of the '30s.

I am putting things bluntly — those were real crimes stemming from an abuse of power. Many thousands of people inside and outside the party were subjected to wholesale repressive measures. Such comrades, the bitter truth...

It is sometimes said that Stalin did not know of many instances of lawlessness. Documents at our disposal show that this is not so. The guilt of Stalin and his immediate entourage before the party and the people for the wholesale repressive measures and acts of lawlessness is enormous and unforgivable...

We now know that the political accusations and repressive measures against a number of party leaders and statesmen, against many economic executives and military men, against scientists and cultural personalities, were a result of deliberate falsification...

But the process of restoring justice was not seen through to the end and was actually suspended in the middle of the '60s. Now, in line with a decision by the October 1987 plenary meeting of the Central Committee, we are having to return to this.

The Politburo of the Central Committee has set up a commission for comprehensively examining new facts and documents pertaining to these matters, and those known previously. Corresponding decisions will be made on the basis of the commission's findings. All this will also be reflected in a treatise on the history of the Communist Party of the Soviet Union,

whose preparation is to be entrusted to a special commission of the Central Committee.

Abuses of power and violations of socialist legality continued. The "Leningrad Case" and the "Doctors' Case" were fabricated... In short, there was a deficit of genuine respect for the people...

It required no small courage of the party and its leadership, headed by Nikita Khrushchev, to criticize the personality cult and its consequences, and to re-establish socialist legality.

The old stereotypes in domestic and foreign policy began to crumble... In short, there were changes for the better — in Soviet society and in international relations. However, no small number of subjectivist errors were committed, and they handicapped socialism's advance to a new stage, moreover doing much to discredit progressive initiatives...

At the October 1964 Plenary Meeting of the Party Central Committee there was a change of the leadership of the party and the country, and decisions were made to overcome voluntaristic tendencies and distortions in domestic and foreign policies...

In the first few years this changed the situation in the country for the better... The country had at its disposal extensive resources for further accelerating its development. But to utilize these resources and put them to work, cardinal new changes were needed in society and, of course, the corresponding political will. There was a shortage of the one and the other.

It was stated that in the latter years of the life and activities of Leonid Brezhnev the search for ways of further advancement had been largely hampered by an addiction to habitual formulas and schemes, which did not reflect the new realities. The gap between word and deed had widened.

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8	36. Ne4	Qd8
9	37. Ra2	Bc8
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UPDATE

Overloaded Ferry

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Herald Tribune

Published With The New York Times and The Washington Post

Americans Have Changed

President Reagan's famous faculty for coming up a winner seems to have deserted him. His party lost the Senate last year, just as the Iran-contra story started trickling out. He bet a pile on Robert Bork for the Supreme Court, and lost. World stock markets crashed. Waves of criticism surge in daily. Just when a sound, inspiring leader is needed, he appears more out of touch than ever.

What else is new? It is not Ronald Reagan who has changed; it is the rest of us. The fault has not been only in the movie star but in ourselves. Americans wanted Norman Rockwell values so badly that they projected them onto a man who for six years reflected those values back to us brilliantly.

He has always insisted on no retreat from "star wars" and no new taxes. And despite major policy failings and minor gaffes, he retained popularity, trust and Teflon — insulation from criticism. Not any more. People who cheered him now count the 15 months left in his term with dismay.

Yet America still must look to him for leadership. The world, the wars, the economic crisis cannot wait. Only the president can make the government work while economists attack the budget and trade deficits. Only he can focus concerned nations on ending the Gulf war. Only he can break the necessary ground with Mikhail Gorbachev toward curbing strategic arms.

Not without reason did George Bush mock Mr. Reagan's supply-side tax solutions as voodoo economics during the 1980 presidential primaries. Ever higher federal budget deficits were the inevitable result of increasing military spending and decreasing taxes.

Still, as long as American politics get better off, his economic policies get the credit. As long as American troops were not mired in combat, his foreign policies were praised for

restoring American pride. People laughed off the on-camera naps, the continual mispronunciation of names, the occasional misquoting. He dispatched the marines to Lebanon without understanding that country's complex civil war. When 241 died in a terrorist bombing, he had ignominy to withdraw those who remained. But soon the public applauded the invasion of Grenada — and later the air strike against Libya. At Reykjavik, he almost settled precipitately on a world without strategic arms. NATO still trembles.

Layer by layer, the Teflon began peeling away. The Iran-contra scandal showed that Mr. Reagan had presided over the secret sale of arms to Iran, the profits of which were used illegally to buy arms for the Nicaraguan rebels. Since then, his competence and credibility have often been in doubt.

Things are not likely to get better soon. Central American leaders, scorned by his policies, have settled on a peace plan of their own. Congress will shortly issue its Iran-contra report, rehearsing the shame. The economic road ahead is not smooth. The Gulf grows tenser. He can get help from the Bakers, James and Howard, to make necessary budget compromises with Congress. And he has Secretary of State George Shultz to guide him in the December summit meeting with Mr. Gorbachev.

Much can be accomplished at the summit — a Euro-missile treaty at least. But Mr. Reagan could reach higher, toward a 50 percent cut in strategic arms. That is plausible, if he can only bring himself to limit his dream of space-based defenses. Such a dramatic cut would make the first year of the next administration immeasurably easier, and bring achievement and honor to the last year of his.

— THE NEW YORK TIMES

Keep Supporting Aquino

Nothing focuses American attention on a distant land faster than the death of an American there. Terrorists, knowing this, are in a position to send an instant message. But what is the message sent by the simultaneous killing of two American servicemen and a Filipino-born U.S. Air Force retiree outside Clark Air Base in the Philippines? Have Communist insurgents finally decided to take on American targets, figuring that the risk of drawing in the United States pales against the opportunity to exploit popular resentment of the American bases? Or — this is the sort of speculation the military in Manila invites — has the right staged a provocation to dramatize President Corason Aquino's weakness for an American audience? This hardly exhausts the possible explanations.

Whatever its origin, the event deepens the crisis of Mr. Aquino's 20-month-old rule. She first sought reconciliation on the left, choosing co-optation and compromise over repression and unending counterinsurgency. But the New People's Army appears to be getting bolder, and the land reform announced to broaden the government's base has stiffened the right, including the landed rich, a segment of society from which Mrs. Aquino comes. She used the

military to put muscle behind her successful "people power" challenge to dictator Ferdinand Marcos. But at least five coup attempts have since been launched, and the leader of the last, Colonel Gregorio Honasan, flaunts his fugitive status. Her own vice president, Salvador Laurel, almost openly invites the military to put him in power.

Mrs. Aquino acknowledges that people ask "Can she back it? Is she weak?" She means to be strong, something the Philippine political culture demands even as it also demands that she stay true to her democratic promise. Certainly she is beyond asking or receiving any relief on grounds that circumstances are cruel. Nor is it feasible for her to ask directly for too much American help. The aid, or the patsy part of it that is delivered, is welcome, but the reminder of the immense American presence is not.

Washington nonetheless has responsibility that extends beyond material support. It must back the elected president, against buccaneer colonels and against ambitious civilians like Salvador Laurel, the rebel-in-place who seems to hope that his rank ensures him continued American backing if he were put into the presidential palace by a "constitutional coup."

— THE WASHINGTON POST

Waiting for the Sandinists

Central America is coming up to the day when the five signers of the Arias plan are to say how they intend to live up to their peace pledges. The key remains the response of the Sandinists. They have not lifted the state of emergency or granted full press freedom and amnesty, lapses that leave them in flagrant violation. First, they say, the United States must end all aid to the contras, which President Reagan refuses to do. It looks like an impasse.

What is making a difference under the surface, however, is the performance of Costa Rica's president, Oscar Arias. His hand materially strengthened by the Nobel Peace Prize, he is pressing repeatedly to turn Nicaragua toward democracy by holding the Sandinists to their August pledges and by demanding that they go on and enter talks with the contras, as El Salvador and Guatemala have done with their guerrillas.

President Arias is working to change the form of pressure on the Sandinists from the wasting military category to a sustainable political and economic category. There is simply no basis in Latin politics to keep the contras in the field. But increasingly Mr. Arias is committing his prestige to political and economic sanctions and to an appeal to

the Organization of American States to start putting them into effect. If the Sandinists do not comply, he says, "the whole world should isolate them."

President Reagan, meanwhile, has quietly agreed to let slip the date of his request for new contra aid. He will wait until after the day in early January when the five Central American heads of government are committed to make a final decision on whether the process can work. Mr. Reagan acted under Central American urging and congressional pressure. He may well feel that every day of delay in refunding the contras is a nail in their political coffin. Still, he did what had to be done to deny Managua any feasible basis for using the contras as an excuse for not delivering on its promises of democracy.

In brief, the right question, democracy in Nicaragua, is now being debated by the right people, Oscar Arias and Daniel Ortega. On sanctions, moreover, the right people, the Latins, are taking responsibility to organize pressures — pressures which they can apply and tighten and to which the Sandinists, desperate for economic and political ties, are vulnerable.

— THE WASHINGTON POST

Other Comment

Critical Days for Gorbachev

This promises to be a critical week for the Soviet revolution, and it is Mikhail Gorbachev's misfortune that he cannot spend it entirely as he would have liked. In the war of nerves which goes on in the Central Committee of the party, one of his closest allies, the Moscow chief Boris Yeltsin, has finished first, giving a moral victory to the opponents of what Mr. Gorbachev is trying to achieve, or at least of the pace he has set himself to achieve it.

Mr. Gorbachev's book, "Perestroika" is the manifesto for an entirely different Soviet Union from any known hitherto, and

from what has been seen of it it should go down as a classic of political literature. It could have been written only by one who is so certain of the need for radical structural reforms that failure is not to be contemplated. Failure would leave the Soviet Union entirely without hope, probably for a generation. Yet have the people in the apparatus who provide the main blockage the vision to subordinate their own interests to those of the new revolution which Mr. Gorbachev proposes?

To judge by the Yeltsin-Ligachev episode at the Central Committee plenum, that is still very much an open question.

— The Guardian (London)

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There's Much That Glasnost Doesn't Mean

By Flora Lewis

ST. LOUIS — The word *glasnost* has suddenly become as American as pizza, *fillet mignon*, or *sausage*. But crossing the Atlantic, or perhaps the polar route of missiles, it has been transformed. In general parlance it is taken to mean not only the personal style of Mikhail Gorbachev and all his policies, but the whole program for reform in the Soviet Union, which has several other sources.

This matters, because even though they have adopted the Russian word, Americans give it a different sense. Using the same word in different ways does not promote knowledge. It risks adding to confusion and distrust, and provoking disappointment.

Glasnost can be translated colloquially as "letting it hang out," admitting what was hidden, permitting things to be said that could not have been said even though they were in secret thoughts. It is an important aspect of Mr. Gorbachev's campaign but it is only one of the means he is using to push for economic reform.

There is no way that he can deliver rapid material rewards to the Soviet people for the extra effort and sacrifices that effective reform requires. By allowing more criticism and giving intellectuals more room for expression, he is trying to create an invigorating and hopeful atmosphere in his deeply skeptical country.

As West German Foreign Minister Hans-Dietrich Genscher said recently, for reform "Mr. Gorbachev also needs people who are motivated to achieve, who think independently and who are prepared to accept responsibility."

Another, more important tool he seeks to use is *perestroika*, restructuring, which means reorganizing the heavy, lethargic planning and administrative system. This is a lot more difficult than letting writers sound off and issuing somewhat more candid communiqués, because it involves the power structure and means firing a lot of people.

It is also much riskier, because while it is now conceded that the old system worked badly, people were used to it and there are no guarantees that the Russians will be able to invent a more fluid system that works better. They have no experience, but they must try to invent because Moscow has no intention of switching to capitalism.

A current Russian joke, relayed by East Europeans, is about a KGB man and a CIA man who meet in a

bar in Vienna. Drink gradually overcomes suspicion and they begin to talk. "Now tell me the real truth: You fellows were behind Chernobyl, weren't you?" the KGB agent asks. "No, we had nothing to do with it," answers the CIA agent. More drink, another question. "Well, now admit you arranged Mathias Rust's flight to Red Square." "Certainly not, we were as surprised as you." Finally, the CIA man decides to own up. "I'll tell you what we did do, though. We helped arrange perestroika."

In a way, this is frightening to many Russians who fear disorder and loss of control more than anything. That is why the third, overarching part of Mr. Gorbachev's program is "new thinking." The West has naturally paid most attention to what "new thinking" may imply for Soviet foreign policy, although it is

an attempt to force change in all kinds of assumptions.

In East-West relations, there have already been a number of surprising moves, including dismantling of security as something that cannot be achieved by means but should be mutual, and a new attitude toward the United Nations. How far a shift in ideas will bring a shift in deeds remains to be seen.

Representative Tom Downey of New York brought home an example of how "new thinking" works on a human level from his last trip to the Soviet Union. Unexpectedly, Moscow allowed his congressional delegation to visit the controversial, highly secret radar site at Krasnoyarsk. When they stopped at a civilian airport on the way, one member of the group pulled out a camera. An angry

policeman rushed up to announce that taking pictures was forbidden. According to Mr. Downey, Yevgeny Velichov, vice president of the Soviet Academy of Sciences, who was escorting the Americans, told them with a sigh: "As you see, not everything has changed. Save your film for the top secret radar site."

But glasnost does not mean human rights. It does not mean the end of censorship and control. It does not mean democracy in the Western sense. Mr. Gorbachev gave his definition in his recent Murmansk speech. "Democracy is conscious discipline and an understanding of the need for everybody to participate," he said. "It is not the claim to a right to do as you please. No. If you live in society, you are not free from that society."

It is better that we know what they mean by the words.

The New York Times

It's the 70th Anniversary of a Radical Coup

THERE are dogmas that will not be challenged. One of them is that this fall brings the 70th anniversary of the end of a feudal autocracy and the beginning of a workers' democracy. It is impossible to believe that anybody, East or West, is still fooled by the latter claim. But the former claim, too, is false. In the West, at least, we should be clear about the meaning of the occasion.

It was early in the morning of Oct. 26, 1917, that the Bolsheviks finally formed a government. But the fall of its czar, the magnificent moment of reckoning with the Romanov repression, should not be commemorated in October (or in November, as the Soviets do). The czar fell in February. The Bolsheviks did not overthrow the czar. The liberals did. The Bolsheviks overthrew the liberals.

In February 1917 the monarchy was expelled from the Winter Palace by what became known as the Provisional Government, a coalition of moderates and progressives. For Lenin, however, the banishment of a tyrant and the establishment of a parliamentary system did not satisfy. The events of February, he wrote a few days after his return to the Finland Station, had merely "placed power in the hands of the bourgeoisie. The government should be overthrown, for it is oligarchic, bourgeois, and not a people's government," and replaced by "a revolutionary dictatorship."

How easily the word "dictatorship" rolled from Lenin's lips. It was without irony that this extraordinary man realized what, in the real world, revolution was the exchange of one form of dictatorship for another. The Bolshevik revolution, which was only the conclusion, and the ruin, of the Russian revolution, was nothing more than the overthrowing of the moderate overthrowers by the radical overthrowers.

Lenin's objective was power, not justice; and his genius was for disguising power as justice.

It is true that the Provisional Government had failed,

between February and October, to master the crisis of Russia: shortages of food, housing, clothes, fuel, crippling inflation; a breakdown in transportation and communication; a miserable war. The Bolsheviks batted handedly upon the new government's difficulties, upon its terrible struggle with the chaos of the country that the czar had left behind.

By the time the Bolsheviks came to power, they were popular. But it is easy to inflame the impatience of a hungry and newly unchained population. On the morning after a revolution, moderates will always be vulnerable to radicals. By the time the Bolsheviks came to power, they were not so much revolutionaries as profiteers of a revolution; and they would see to it that nobody would ever inflame anybody's impatience with them.

This is not the 70th anniversary of a revolution. It is the 70th anniversary of a coup. The difference lay in the Bolshevik contempt for democracy, which was one of Lenin's major contributions to Marxist theory.

Classical Marxism taught that in "backward" countries liberal government and industrial development must precede the dictatorship of the proletariat. Lenin demurred. He wrote, as late as 1914, that Russia would have to "complete its bourgeois revolution" and form "a democratic republic" before the proletariat came to power, but he finally refused to wait. A master tactician was also a master ecologist, and democracy was denied.

The confusion between power and justice; the rage of the revolutionary against the reformer; the political plasticity of liberated populations; the crimes of old dictators as opportunities for new dictators — the electrifying events of 70 years ago set a melancholy pattern that too many revolutions in developing societies have repeated.

A cheer for glasnost, then, but two cheers for the bourgeoisie. — Leon Wieseltier, literary editor of The New Republic, writing in The New York Times

Take Global Action or Risk a Global Slowdown

By Robert D. Hormats

NEW YORK — The sharp plunge in world stock markets requires a degree of cooperation among the United States, Europe and Japan not seen since the energy crisis. America must tackle its budget deficit, but collective action is needed to correct international imbalances. Without both, a global slowdown is a major risk.

Underlying the market sell-off was the feeling among investors that despite good news on U.S. inflation, employment and corporate profits, prosperity cannot be built indefinitely on growing domestic and foreign debt. Many investors, observing the lack of progress in slowing both types of debt, foresaw a sharp drop in the dollar, higher inflation, tighter monetary policy and ultimately recession.

The sharp fall in world stock markets has three major ramifications: Many people now have less wealth, and less confidence in the economic outlook; they are likely to cut back on expenditures. Corporations will have difficulty raising equity. Lower consumption combined with less equity will slow new investment.

Companies with 1929 are inevitable, but a similar outcome can be averted. The 1929 crash occurred when trade barriers were already very high. After the crash, nations further protected their internal markets, tightened credit and raised taxes. They now must pursue a wiser course aimed at avoiding a sharp economic downturn and at reducing underlying imbalances. Only a collective action by the major Western economies can do that.

The first priority for the United States — for its own good and to enhance its own diminished ability to convince others to do the right thing — is to establish a credible, multi-year course for reducing the federal deficit.

Raising taxes to one billion from the deficit has become the primary test in the minds of many on whether the government can "get its house in order." But what was a wise course a few years or weeks ago, when the economy was strong, is not as unambiguously desirable today. America's leaders must decide what magnitude of spending reduction and tax increase (if any) would satisfy the market that Washington was acting boldly enough, without being so bold as to cause a large contraction in economic activity.

Because a key objective of the package is to stabilize financial markets, it must have credibility in those markets. So the administration and Congress should consult heads of leading investment banks, commercial banks, pension funds, insurance companies and mutual funds. Because the budget deficit draws substantial resources from the private economy, a credible package must assure substantial cuts in fiscal year 1988 and for several years thereafter. The dominant portion — all, if possible — of fiscal 1988 cuts should come from lower spending.

If higher taxes are to be imposed, they should be user or sales taxes rather than taxes that impair savings or investment. To reduce the large U.S. trade deficit — one cause of the market's fall — Americans must produce more than they consume, and export the difference. That means shifting resources from consumption to savings and investment in manufacturing.

A smaller budget deficit would improve prospects for lowering interest rates, which is needed to offset contractions caused by the drop in stock prices and to encourage business in-

Americans no longer can provide the fuel for world economic growth by borrowing abroad to finance purchases of imported goods.

major currencies. It should not be a major concern to the market so long as it is kept under control. Foreign central banks have become uncomfortable with massive intervention to sustain the current dollar level.

It is more than time for America's major trading partners to face the facts: They cannot have it both ways. They cannot expect to have both high trade surpluses and currency stability.

Reducing future stock or currency volatility requires lowering the U.S. trade deficit. Moreover, given concerns about an economic slowdown — to which the otherwise desirable reduction in the budget deficit may contribute — the Federal Reserve should not raise interest rates to hold the dollar at overvalued levels. The central banks of other countries must be prepared to reduce their interest rates at least as much as America does.

Once a credible budget agreement is reached, ministers and central bank governors of the seven major industrialized countries should meet immediately. They must work in concert to assure that the interest rates of America's major trading partners are enough below those of the United States to achieve the lower dollar needed to improve prospects for reducing the U.S. trade deficit, but not so low as to trigger a run on the dollar. Then they should try to stabilize currencies around the new levels.

Another common balancing act is required to provide enough liquidity to prevent a recession, while avoiding creation of excessive liquidity that could trigger new inflation.

Low interest rates, in some cases combined with fiscal stimulus, will be

required in Europe and Asia to help avoid a sharp weakening of their economies as imports from America increase and exports to America decline.

Countries like West Germany and Japan naturally resist external pressure to modify fiscal, monetary and trade policies. So does the United States. But America's allies must see that the current situation is not tenable. The U.S. trade deficit must decline. American consumers no longer can provide the fuel for world economic growth by borrowing abroad to finance purchases of imported goods.

A renunciation of efforts to reduce global trade barriers is particularly important. Global trade negotiations now under way provide an alternative to the beggar-thy-neighbor policies of 1929. A U.S. trade bill aimed at supporting those negotiations and opening markets, a reduction by other countries to cutting subsidies and other restrictions, and ratification of the Canada-U.S. trade agreement by both countries would demonstrate to the world that we were not repeating the mistakes of 1929.

The writer is vice chairman of Goldman Sachs International Corporation and a former U.S. assistant secretary of state for economic affairs. He contributed this comment to The Washington Post.

Go Into Debt and You Lose Autonomy

By Karin Lissakers and Martin Mayer

NEW YORK — In 1974, Brazil swept aside concerns about higher oil prices and moved ahead on a path of what enthusiasts like to call "conspicuous investment."

In 1975, Poland launched a great leap forward to bring modern industry to an economy that had known only communism and agriculture. In the years from 1978 to 1980, Chile brought in a team of economists from the University of Chicago who induced accelerated economic growth.

From 1979 to 1981, touting the size of its oil reserves and reveling in the last jump in oil prices, Mexico pledged an end to poverty in the lifetimes of living Mexicans. From 1983 to 1987, the United States steadily pushed up levels of employment and household income in what the Reagan administration likes to call "the longest-lasting postwar, peacetime economic expansion."

All of these achievements share two characteristics.

First, they were financed by borrowing from abroad; that allowed politicians to avoid hard choices: investment or consumption, lower spending or higher taxes. Second, these economic miracles went pop when the foreign lenders decided that the reward wasn't worth the risks.

After the stock market crashed, President Reagan, his economic advisers and various Wall Street luminaries insisted that the American economy was sound. But the economy owes its nifty color to the willingness of foreigners to lend about \$150 billion a year at low interest rates.

In late August and September, the foreigners gave various indications that they were no longer interested in making such loans. American interest rates began to rise as a means of keeping the foreigners involved, and the stock market began to shiver.

In mid-October, Treasury Secretary James Baker read the West Germans a

lecture on the importance of keeping interest rates low, and the world realized that U.S. leaders did not understand the true position of late-Reagan America in the world economy.

Ordinary countries have always had to raise interest rates and cut budget deficits when they devalued their currencies. This is most of what is meant by an IMF "adjustment" program.

The ordinary countries of the world never had much choice in the matter. When one of those countries devalued, say, the peso, the peso cost of commodities, most of which are priced in dollars, went up automatically.

These countries had to fight the inflationary effects of the peso rise. And they had to convince a people with dollars to lend that they were good borrowers, because they needed dollars to buy on the world markets.

Not so the United States, at least until now. Because most commodities are denominated in dollars and America borrows in a currency it prints itself, it is always thought of itself immune to such pressures.

What the market shakeout says is that it isn't immune — the fact of being a debtor is more important than the fact of not being Latin. Debtors, sovereign or otherwise, lose autonomy. President Reagan said Americans would be all right if they kept consuming, but the problem is that they consume too much. Domestic demand in 1986-87 ran at 104 to 105 percent of domestic production, which is almost exactly on track with what the Latin countries did in 1980-81.

A stock market collapse followed by a contraction is the simplest and today the most likely way to reduce consumption. It is far better to reduce domestic demand by diminishing the

fiscal stimulus, raising taxes and slashing government expenditures. Unfortunately, the United States will need higher interest rates, too, because it will continue to need foreign loans and investments to pay the bills that are this administration's legacy. After seven years of asserting the might and majesty of the United States, Ronald Reagan leaves his country in the state of Tennessee Williams's *Blanche Du Bois*. It is dependent on the kindness of strangers.

Karin Lissakers is a lecturer in international finance at Columbia University. Martin Mayer is the author of numerous books on finance. They contributed this comment to The New York Times.

100, 75 AND 50 YEARS AGO

1887: Canal Convention
CONSTANTINOPLE — Count de Montebello, the French ambassador, returned here yesterday (Nov. 1), bringing a copy of the Suez Canal convention between England and France. As soon as Sir William White is in receipt of his copy, the two ambassadors will communicate the convention to the Porte. It is believed that the Ottoman government will ask for explanations, and propose the modification of certain articles. Italy, Austria and Germany have already signified their adhesion to the arrangements, but Russia has not yet stated her views.

1912: Wilson Is Favored
NEW YORK — The last installment of The Herald's Presidential poll indicates the election of Governor Woodrow Wilson by an overwhelming vote. Indications are that he will carry 31 states, with 360 electoral votes. This is 94 more than the neces-

Mondale Was Saying It in 1984

By Richard Cohen

WASHINGTON — Alf Landon died recently at the age of 100. He had been the Republican presidential candidate in 1936, a guest showed into Franklin Roosevelt's political den. The Lion of Hyde Park set him alive, and he went down in history as one of the great losers of all time, carrying only Vermont and Maine. It took decades for his sagacity, intellectual independence and sheer decency to be recognized. The wheels of historic justice turn slowly.

Walter Mondale was even a bigger loser than Alf Landon. In 1984, Mr. Mondale lost every state but his native Minnesota. As a politician he was discredited, as a party leader he was given the gate. He was accused of many political sins (pandering to special interests, for instance), but his worst sin was calling for a tax increase to balance the federal budget.

For Walter Mondale, the wheels of history are turning fast.

Now his political blunder has become the commonplace antidote for what ails the stock market. A president who said taxes would be raised over his "dead body" experience as a fiscal reformer. A year from the White House meets with congressional leaders and no one thinks that new sources of revenues (taxes) will not be found. Wall Street clamors for a tax increase to narrow the budget gap, insisting that the deficit, coupled with the trade imbalance, caused the stock market to collapse. This is the accepted wisdom.

But a tax increase is precisely what Mr. Mondale proposed on July 19, 1984, after four years of the Reagan presidency and unprecedented budget deficits. "Here's the truth about the future," he said, in his acceptance speech at the Democratic convention. "We are living on borrowed money and borrowed time. These deficits hike interest rates, clobber exports, stunt investment, kill jobs, undermine growth, cheat our kids and shrink our futures."

That approximately is what Wall Street is now saying, but in 1984, with few exceptions, it was singing a different tune. Back then most of the booming financial community was squarely in Mr. Reagan's corner. Greed will vanquish common sense any day.

As a campaigner there was plenty wrong with Mr. Mondale — but not his math. His numbers added up. Mr. Reagan said not "We have a deficit," but in January, the American people will have to pay Mr. Reagan's bills. Mr. Mondale said, "The budget will be squeezed. Taxes will go up. And anyone who says they won't is not telling the truth to the American people."

A bit later he added, "Mr. Reagan will raise taxes, and so will I. He won't tell you. I just did." With that, Mr. Mondale challenged Mr. Reagan to explain how he was going to reduce the deficit without raising taxes. Mr. Reagan responded with balloons and smiles and proceeded to clobber Mr. Mondale on election day.

Mr. Mondale's acceptance speech was not only bold, it was precise. But there was a corollary point he wanted to make. It was not just that higher taxes were needed; the government was being starved for revenue, but also that Mr. Reagan's fiscal policies had produced the deficit.

The initial Reagan tax cut, a bender of supply-side economics concocted by Representative Jack Kemp and Senator William Roth out of wishful thinking, was the cause of it. The deficit had not descended from Mars, was not an act of God, but was the consequence of the president's program. Once again, though, greed seduced common sense. Times were good and listening to Mr. Mond

OPINION

Come On, Canada, Don't Be So Nervous

By George F. Will

WASHINGTON — Aw, Canada. Lighten up. You are a world-class self-disparager. You almost seem to favor slights, such as the idea that Canada is something to be graduated from. But deep down — contrary to reports, there is a deep down in Canadians — Canadians are prickly nationalists. This is complicating the debate about the U.S.-Canadian free trade agreement.

The trade negotiations were front-page news in Canada and bottom-of-the-business-page in the United States. That reflects not only the fact that Canada's economy is much smaller and more protected, but also that in Canada arguments about commerce become entangled in arguments about cultural sovereignty.

On both sides of the border the agreement is a test of the ability of governments to seize a continental opportunity against the opposition of narrow interests. The opposition of narrow interests is a test of the ability of governments to seize a continental opportunity against the opposition of narrow interests. The opposition of narrow interests is a test of the ability of governments to seize a continental opportunity against the opposition of narrow interests.

The trade agreement is becalmed in the U.S. Congress, which is preoccupied with the challenge of seeming serious about deficit reduction. However, the stock market's stagger has concentrated congressional minds on the need to demonstrate a capacity for governance, and there is anxiety that if the United States and Canada fail to agree on a free trade pact, the failure will send a dangerous signal to other trade negotiations.

In Canada, about half the opposition expresses concerns about material things — loss of jobs, markets flooded by (for example) U.S. wines. The other half of the opposition arises from cultural anxiety about being "absorbed by" and becoming "a mere expression of" America. This matters in a nation that cultivates negative nationalism: the pride of not being American.

Much of the apocalyptic rhetoric about the extinction of identity comes from the Toronto intelligentsia. Toronto, like

many other great metropolises, is resentful in the provinces, which would be brave about the extinction of the intelligentsia. And some economic interests have mastered the art of cloaking avarice in the language of cultural concerns.

However, there is a Canadian national character that could be altered by a radically changed commercial environment. The Canadian difference is a manner, a temperament — call it gentleness or dullness, depending on your taste. It might be altered, over time, by a new intensity of economic dynamism. But, then, that dynamism probably would increase prosperity, over time. To many Canadians, worry about cultural sovereignty seems a luxury of the comfortable. The choice appears harder than it should be because Canadians are underestimating themselves, again. Their national distinctiveness is more durable than they think.

People who worry about "identity" usually should, and the same is true of nations. Certainly Canada's situation is anxiety-producing. 90 percent of Canadians live within 50 miles (80 kilometers) of the U.S. border, and Canada has about three times as much trade with the United States as with all the rest of the world.

However, anxiety about identity is an expression of Canada's identity, as I learned in the late 1960s when I taught political philosophy at the University of

Toronto. Many Canadians referred, and may still refer, to that splendid institution as "the Harvard of the north," a description too typical of a nation with a crick in its neck from looking south.

It was a difficult time in U.S.-Canadian relations, which distinguished it not much from most times. Then there was anxiety about the number of American professors on Canadian faculties. I asked a class to define Canada's "national purpose." After an awkward pause, a student said: "Building the trans-Canadian railroad — that's all." When I said that surely there were other collective purposes, another student exclaimed: "You [Americans] took them all!"

It is easy for Canadians to imagine that all Americans are as disrespectful as Al Capone, who said, "I don't even know what street Canada's on." But Canadians should stop being nervous and start counting their blessings, beginning with Toronto, which is a modern miracle — a city that has become better as it has become bigger.

Canada has one great novelist (Robertson Davies), which means it has one for every 25 million citizens, the world's highest ratio. And although millions of crazed Manitowags will disagree, Toronto has the world's best baseball team. Its two best players (George Bell, Tony Fernandez) come from the Dominican Republic, so Canadians should tread lightly when the subject is free trade.

Washington Post Writers Group.



Evangelism Is an Old Story That Needs More Attention

By Roger Morris

LOS ANGELES — A sultry September evening in the Los Angeles basin. A throng is gathering at the huge Trinity Methodist Church to hear the inspiring Paul Rader, one of the vastly popular evangelists of the time. Among them is a father and his three

MEANWHILE

boys. He has taken the family before to hear the perspiring, throaty sermons of Billy Sunday, and his own wife has been "saved" in a revival as a young girl.

But now he is seeking the spur of fire and brimstone, the comfort and fevered salvation, all the more in the latest wave of evangelism sweeping America. They are all still grieving at the sudden death in the past year of a fourth and youngest son. A fierce worker trying to prove himself, especially to his wife's frowning family, the father sees God's punishment in the tragedy and, in penitence, even closes his small business on Sundays.

They are part of the ordinary folks whose little Fords crowd the parking spaces around the revival tents and temples, and whose devotion in money give the evangelists their formidable social and political power along with religious authority. Like the father and his boys, they are "mostly lower-middle-class people," writes one observer, "small shopkeepers, barbers, beauty-parlor operators, small-fry retailers, and the owners of hamburger joints... the uprooted, unhappy, dispirited lumpen proletariat."

But tonight they are going to forget, for a while at least, their agonies and powerlessness, their resentments and doubts. On Mr. Rader's command, the wide-eyed, sometimes weeping, almost frantic crowd will leap to its feet and surge down the aisles for the cleansing salvation.

"We joined hundreds of others that night," one of the father's boys will write, "in making our personal commitments to Christ and Christian service."

In 1987, as in that humid night over 60 years ago, the now-subtle, now-sensational influence of evangelical Christianity is so much a force in American life and politics. There is, of course, Jessica Hahn testifying before a federal grand jury in the scandal of Jim and Tammy Bakker and the PTL ministry. And the Reverend Pat Robertson, who made a strong showing in the Iowa straw poll, is recognized as a real contender for the 1988 Republican presidential nomination.

None of that is new, neither the circus nor the politics. In the 1920s, Aimee Semple McPherson — "Sister Aimee" — drove an ugly devil around the stage of her Angelus Temple in Los Angeles and took the lusty lead in a dramatized version of Sodom and Gomorrah before her scandal-ridden ecclesie. The Reverend

Bob Shuler in his Blue Ridge drawl commanded one of the largest radio audiences in the world. He led successful campaigns to drive officials from office or make the Bible compulsory reading in California schools, and he narrowly missed being elected to the U.S. Senate.

Yet, then as now, there has been a tendency in the media, and especially in serious political commentary, to treat it all as some passing curiosity, to clock knowingly, sometimes to express a kind of bemused contempt. "The disturbing truth is that far too little is known about this vast, elemental force," about how much and in what ways evangelical religion shapes the government, and the governors, of all Americans.

The reality is far more than what burst to the surface, the money and corruption and sexual temptations of sweaty preachers. There is something profound in the yearning, and in the substantial contributions of low-income people, that stand behind Mr. Robertson's candidacy, or in the moral fervor of much of the Reverend Jesse Jackson's constituency.

In the 1980s no less than in the 1920s, a political psychology is evident in this easy transition from new to political aspiration. Already in this century, the compulsions of Americans' moralism and righteousness have set the agendas for political inquiries, for B-52 strikes on Cambodia, for Supreme Court majorities. Yet the press stoutly, daintily refuses to examine the phenomenon with the seriousness and depth it obviously deserves.

It will not do to look at the evangelicals askance, like some freak show in an old Sinclair Lewis novel. The trouble with not knowing about what is really happening in those tents and temples, about who is standing next to you at the revival, is that you may be missing a past or future president of the United States.

Oh, yes, as for the father and his boys, they will go away this night in 1926 more than ever imbued with the zeal and inner fire. Believing the principal of the local high school to be a secret smoker, the father sends his oldest son far away to a Spartan religious school from which he soon returns with tuberculosis, setting the scene for still more family tragedy.

Yet it is the middle boy, at age 13, who takes the religion and its message most seriously, and who will quietly apply it later. He too is sent away to school. And after a shaky start in public-speaking class, he becomes something of a debater. He will go far beyond this emotional night of being saved, yet he never abandons the fierce self-righteousness of it all. His name is Richard Nixon.

The writer is preparing a two-volume biography of Richard Nixon. He contributed this column to the Los Angeles Times.

LETTERS TO THE EDITOR

An Economic Forum for Testing Gorbachev's Reforms

At a time when economic analysts are embarking on a search for the significance of Soviet reforms and the definition of an appropriate Western response, too little attention has been given to the work of a forum that was quick to interpret the messages of change coming out of the Soviet Union and to put them to the test — the UN Economic Commission for Europe.

The commission — embracing the countries of Europe as well as the United States and Canada — has been working for 40 years to foster East-West cooperation in the economic and technical fields and to preserve it in times of crisis. An example of the commission's accomplishments is the series of standards adopted by its bodies and applied throughout the region. It can also take credit for a convention on long-range,

Economic Commission for Europe can play in focusing on East-West economic interaction. The commission should be encouraged to pursue its exchanges between governments, enriched with the participation of Western businessmen and their Soviet-bloc counterparts.

ATHANASIOS PETROPOULOS, Geneva.

Ambassador Petropoulos, Greece's permanent representative to the United Nations in Geneva, is a past president of the UN Economic Commission for Europe.

On With the Slaughter

There is an interesting contrast between James R. Dickinson's opinion column "Stop the Public Slaughter of Candidates" (Oct. 13) and James Reston's "The Next President Should Be Evaluated in Time" (March 16). It is disturbing that Mr. Dickinson is so preoccupied with a candidate's electoral prospects. Mr. Reston was more to the point when he suggested that the press could perhaps, by reporting in depth on candidates' character, education and so forth, spare us "the political follies of the past."

If presidential contenders cannot favorably stand up to press scrutiny, then so be it. Better we find out before those flawed characters bring us more "gates"

(Water or otherwise). Surely this screening process is not, as Mr. Dickinson argues, a slaughter to be avoided but rather a vital public service.

MICHAEL P. HYLAND, Muscat, Oman.

Any man fool enough to walk into town with some rope and a stool tied to his back warrants investigation. Gary Hart and Joseph Biden went further, climbing on the stool and fastening the rope to a tree. Thank goodness today's marshals, the press, kicked the stools out. Better to "hang" a candidate than a nation. Three cheers for the stool kickers, and keep up the good work.

KENNETH SCOTT SCHWARTZ, Potomac, Maryland.

Long before I became interested in politics, I knew that people made mistakes, large and small. I also came to understand that they could learn from their mistakes. What makes presidential candidates different?

I am 17 and plan to seek public office someday. When I do, I hope the press gives me a chance to step up to the plate and take some pitches. I pray they don't bury me after a first strike.

MICHAEL MITCHELL, Mbabane, Swaziland.

Free Trade Is Frightening

HE idea of absolutely free trade between nations is a frightening one to many people in Congress — those politicians who believe their re-election hinges on "protecting" their district. The United States and Canada recently reached a free trade agreement. It is likely there will be a great deal of disagreement on both sides of the border with some of the specific provisions. However, we believe that the agreement is in the best interest of both countries. Both countries will profit overall when it is implemented.

— The Intelligencer (Wheeling, West Virginia).

His candid acceptance and not only bold, it was precise at there was a corollary point noted to make. It was not just the other taxes were needed, that the argument was being starved for me, but also that Mr. Reagan's offices had produced the deficit.

The initial Reagan tax cut, a host of supply-side economics common sense, was a disaster. It was not that they disagreed with Mr. Reagan, they too, could have seen it. It was just that calling it a tax increase is no way to get elected. If there were any doubt about it, I was settled in November. Was Mr. Mondale could not even lose?

Now, Walter Mondale is back in Minnesota, the land of many a word, given its 1984 vote, much of which was a sense. Until recently, he was a senator. The great political attack in history, the Electoral College, who hanged at the Electoral College, and almost missed election. He said his 1984 convention speech was a declaration: "I want to be president of the United States." He said that. Maybe he will send being a prophet in his own time.

The Washington Post.

0 YEARS AGO

any majority. It gives President Taft six states, with an electoral vote of 21, and Theodore Roosevelt with an electoral vote of 157.

1937: Worldly Analyst

PARIS — Dr. S.H. Kneanes and his psychoanalyst, finds the United States suffering from "typical States depressive psychosis." "Genes elderly, fearful, depressive," "young through a depressive," "with marked paranoid symptoms," "a feeble-minded person," "has seen others grow great," "any intellectual attempt to become a fortune teller," "small, dull, psychopathic personality," "and any other people by insisting on own way. Russia is a 'strong' man who has just passed through the throes of puberty." "China is a 'strong' man who has just passed through the throes of puberty." "England is a 'strong' man who has just passed through the throes of puberty." "Things take their course."

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ARTS / LEISURE

Lacroix Triumphs in New York Debut



Dawn Mello, president of Bergdorf Goodman, with Christian Lacroix.

NEW YORK—Short of a tick-er-tape parade, New York could not have given Christian Lacroix a warmer welcome. This was the American debut of the new wonder boy of Paris fashion and all last week he put up with the schedule of a chief of state.

From ABC's "Good Morning America" to interviews with just about every publication in town, Lacroix was lionized by press, stores and socialites. There is nothing New York loves more than a winner. As Women's Wear Daily said in its headline: "Lacroix Takes New York."

The designer was brought over by Bergdorf Goodman, whose astute president, Dawn Mello, said: "In my whole career, I've never seen anything like it. There's a spirit about the man, a charm and energy that we haven't seen in a long time." Mello said Lacroix visited other stores in town but came back to Bergdorf.

Explaining his choice, Lacroix said: "There's a certain elegance about this store which is typically New York."

The week's piece de resistance was a black-tie, \$500-a-plate gala Wednesday night, the profits of which — \$300,000 — went to the Society of Memorial Sloan-Kettering Cancer Center and its AIDS research program.

The evening's chairwoman was Blaine Trump, whose quiet blond beauty was perfectly suited to Lacroix's mauve, fuchsia-colored couture creation.

The evening was a solid class act — from the location, the lofty, glass-enclosed Winter Garden of the newly developed Financial Center, to the fireworks, tango dancing and table decorations, the latter in orange and hot pink. Lacroix's favorite colors. All chairs were slipcovered in hot pink and orange cabbage roses, flown from France.

The Lacroix so-called Luxe collection was displayed on plaster mannequins while his flamboyant couture collection was shown on live mannequins against a stark Casuarina background, as it was in Paris.

And just as in Paris, the designer, pelted with flowers, got a standing ovation.

The gala attracted the fashion

HEBE DORSEY

crowd — including designers Calvin Klein, whose wife, Kelly, wore the Duchess of Windsor's \$1 million pearls, Diane von Furstenberg, Kasper, Caroline Roehm and Donna Karan, who just signed up with the Genny group to produce a knit-wear line.

Also there was Genny's president, Donatella Grombelli, who will produce the Lacroix ready-to-wear line next March. But there were also such unexpected people as CNN's Ted Turner, Malcolm Forbes and Evan Galbraith, the former ambassador to Paris, with his wife, Marie.

Forbes, who said it was his first fashion show, declared it "very exciting," while Galbraith called it "the most creative thing I've seen since Yves Saint Laurent. This guy is money in the bank."

Donald Trump, who is more used to the corridors of power than to flighty fashion shows, came up to Lacroix and said: "Congratulations. You're terrific." Also there were Mikhail Baryshnikov, for whom Lacroix is designing costumes for his next ballet, "Gaiety Parisienne," and Bianca Jagger who ate potato chips with great aplomb while wearing black satin gloves.

Every woman who could get her hands on a Lacroix wore it — including Gloria von Thurn und Taxis, who looked wonderful in black velvet and mink bolero; Faye

Dunaway, who made a late entrance, and Anne Arnault, the wife of Bernard Arnault, head of Financière Agache, which owns Lacroix as well as Dior.

The next day was business as usual for the designer, with an appearance at Bergdorf's. The response was \$300,000 in orders before the day was over, as well as a lot of interest from women eager to meet the designer. The following day, a spokesman for the store said: "We're still taking orders all day so this figure is going to go way up." These sales applied to the designer's Luxe collection, which retails between \$2,000 and \$10,000. His couture line is sold only in Paris.

Other prominent events kept the designer running all week. They included lunch at the Four Seasons with Ralph Lauren — "after which I went to his boutique and spent myself into ruin"; a small dinner party at Mello's apartment with Calvin Klein and Baryshnikov, followed by a visit to Bergdorf's Lacroix windows, which had already attracted scores of copyists; a white-orchid-decorated cocktail party given by Grombelli; luncheon at Jim McMullen's given for 65 pretty socialites by Blaine Trump; cocktails at The New York Times, courtesy of the magazine's fashion editor Carrie Donovan, and cocktails at Randolph Hearst 2d's, whose young wife, Veronica, is another Lacroix fan.

Finally, on Sunday night he got the ultimate accolade for his contribution to fashion. He was among a group of designers, at the "night of stars," that included several international designers.

And how did the hero feel about all this?

He appeared totally unspoiled by the brouhaha. "I feel like a kid," he said. "I'm not sure it's all happening to me. I just hope to be up to all this buildup."



Anne Arnault wearing a Lacroix creation at New York gala.

Prague Lets Anniversary Of 'Don Giovanni' Slip By

By Henry Kamm

New York Times Service

PRAGUE—With a minimum of fanfare, Prague let one of the great anniversaries of operatic history slip by on Thursday night. Two hundred years ago, in this city, Mozart conducted the first performance of "Don Giovanni."

The event, which the United Nations Educational, Scientific and Cultural Organization cited as an anniversary of special significance in its cultural calendar for the year, was celebrated by a routine performance of the opera. It did not even take place in the theater that saw the premiere.

No commemoration distinguished the performance, no guest star took part, and nothing in the program signaled the exceptional occasion. No publicity to speak of has accompanied the few events connected with the bicentennial of one of the greatest works of music and poetry.

The Tyl Theater, one of the most beautiful Baroque stages surviving in Europe, is being renovated and was not ready to be the site, as it was on Oct. 29, 1787, of the performance of the work that is forever associated with it. This fault in planning is regarded as a discredit to the cultural authorities.

"The National Theater didn't even want 'Don Giovanni' on its birthday," said a knowledgeable Czechoslovak musical personality. "It had to be performed at the German Theater."

In fact, the theater where Thursday's performance took place is now called the Smetana Theater. But memories of the time when Prague was culturally bilingual linger, although the house was rebaptized in 1945.

Many Czechs feel strongly that the anniversary honor should have been snatched up by the National Theater, which was built in the last century as a bastion of Czech culture from donations by Czechs.

The Czechoslovak musical personality, reflecting a general feeling, said Prague had badly repaid the affection that Mozart felt for this city and its musical public, whom he called "my Pragers." Prague loved

"The Marriage of Figaro" more than Vienna had, and commissioned "Don Giovanni."

Even on his first visit to Prague, two years earlier, his arrival was announced with joy in the local press. "Last night our great and beloved composer, Mr. Mozart arrived here from Vienna," the Prager Oberpostamtsscheinung reported, misspelling the composer's name.

The next day, after attending a ball at which melodies from "Figaro" were played as dance music, Mozart wrote to a friend in Vienna: "Here they talk nothing but 'Figaro.' Nothing is played, sung or whistled but 'Figaro.' No opera is drawing like 'Figaro.'"

What the opera houses failed to do for the anniversary has been partly repaired by a lovingly assembled exhibition at the music department of the State Library. Two musicologists, Jitka Peskova and Tomislav Volek, have gathered a collection of scores, librettos, posters and old prints that document Mozart's presence here.

The local popularity of Mozart's operas is attested by many scores of contemporary transcriptions that were made for a variety of instruments and voices, even with religious texts to make the arias suitable for church performances.

Referring to another work produced here, one which has not made musicologists happy, Peskova said she hoped the exposition and its handsome catalogue would help undo the peculiar view of the composer conveyed by Milos Forman's film "Amadeus" and other legends about Mozart.

"We don't see Mozart through the prejudiced eyes of Salieri, as Mr. Forman did," she said. "We know that he was merry and sociable, but in the film this borders on the unbearable."

Peskova said a musicologists' symposium had also been held but not announced to the public. The Vienna Philharmonic was to mark the anniversary with a rare visit here Monday, under Claudio Abbado, with a Mozart program, including the "Prague" Symphony.

But that concert, too, has not been announced as a commemoration by the authorities.

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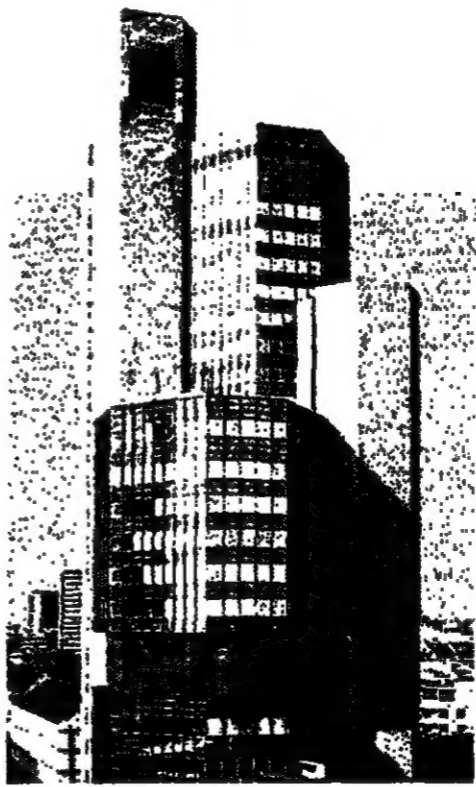
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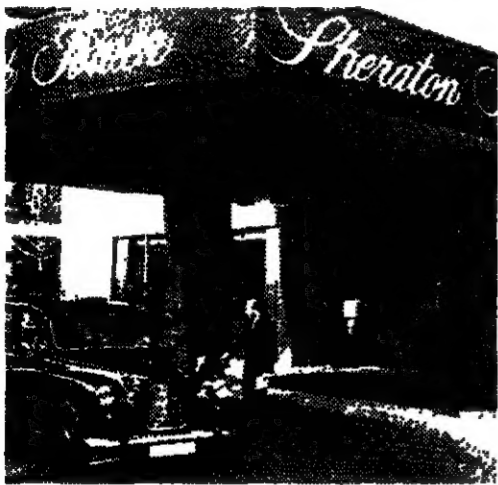
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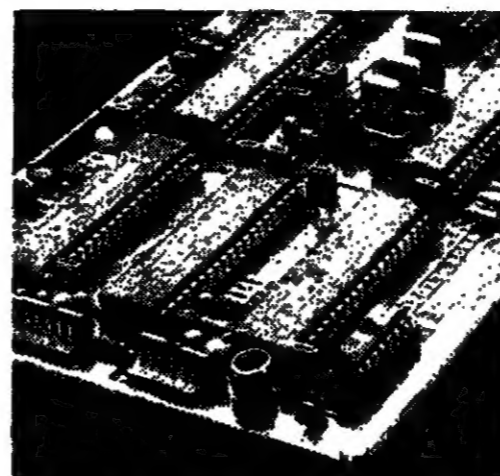
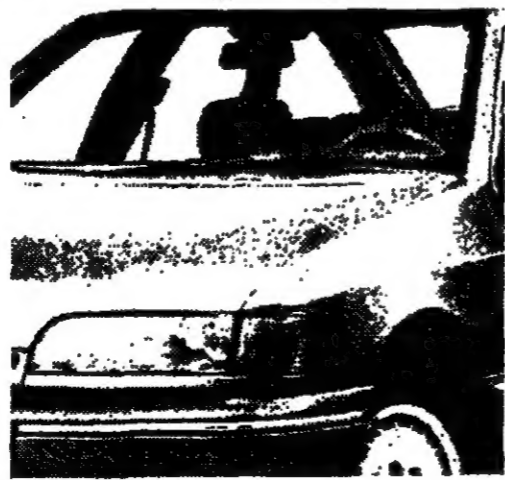
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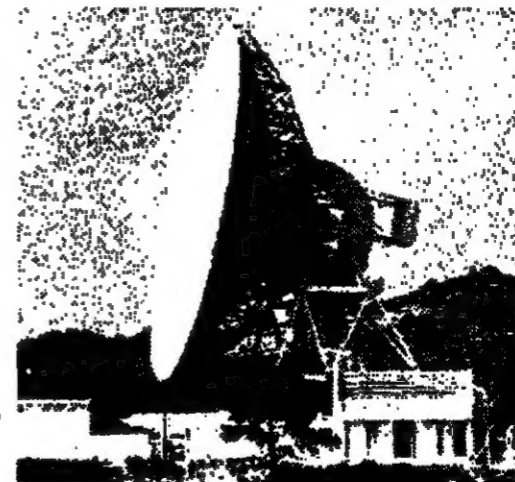
duction of integrated circuits. And it developed the microchip for the most exciting video product in 30 years: digital television.

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for the first six months of 1987—an 11% improvement over first half of 1986.

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Wall Street Journal
 Pick of Post-Crisis
 Slow-Growth Per
 By VARTAN G. V.
 NEW YORK — There is a new
 equity prices to send Wall Street
 back to the drawing board.
 selections. Now, after the
 economic downturn, companies with
 a strong focus on capital spending
 and liquidity are the new
 focus. Many of the new
 selections are from the
 technology sector, which is
 expected to be a major driver
 of growth in the coming
 years. The market is
 looking for companies that
 can provide a steady stream
 of cash flow and are not
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 The market is also looking
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 The market is also looking
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AMEX Stock Index			
High	Low	Close	Ch'ge
261.74	259.25	261.73	+1.57

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

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Agency Price-Press

SINGAPORE.—Singapore's second securities market, the Stock Exchange of Singapore Dealing and Automatic System, will form a link with its U.S. counterpart, Nasdaq, from Dec. 1, the chairman of the exchange, Tan Chok Kian, said.

This will allow small local investors to trade in international stocks in the Asian time zone for the first time, Mr. Tan said at the exchange's general meeting on Saturday.

He said that the link with Nasdaq, the Na-

tional Association of Securities Dealers quoted quotation system, would help advance Singapore's plan to become a regional center for trading in international stocks.

The link-up is expected to give Singapore investors an opportunity to acquire leading international stocks such as Apple Computer, Jaguar PLC and Ericsson Telephone etc.

Initially, the two markets will exchange missions of the closing quotes and the total volume of selected stocks twice daily.

[illegible]

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مکتبہ اہل حق

A message from Merrill Lynch.

"Psychology will play a major role in the movement of share prices in the weeks ahead"

—ROBERT J. FARRELL
CHIEF MARKET ANALYST

Recently investor uncertainty abruptly caused an unprecedented decline in the worldwide equity markets. And last week, selling continued as the financial markets struggled to stabilize.

This massive selloff was not caused by any one particular event, and there is little evidence that it is justified by the fundamental values of the equities being sold.

Here are the thoughts of our Chief Market Analyst, Robert J. Farrell:

"Fear is probably the most powerful emotion affecting man. Psychology, therefore, not only played an important part in the record-breaking equity market decline, but it will be playing a major part in the movement of prices in the weeks ahead."

We think the major damage has been done, but after-shocks and testing will probably continue over the next couple of weeks or until confidence begins to rebuild.

Emotional climactic declines have occurred periodically in history. This is one of the most severe. In some cases like 1929 it portended difficult economic times ahead. In others, like 1962, the economy stayed strong and the recovery began within six months.

Since we believe the current situation is more like 1962, there should be opportunities to reassess things in coming months under less emotional conditions. Selling climax declines have invariably been followed by two to four months of recovering prices. This was true in 1929 when economic fundamentals were deteriorating and in 1962 when they were not.

We are sure preservation of capital is as important to investors as getting a satisfactory return. But the extreme and sudden nature of this decline appears to have gone far beyond the fundamental realities and therefore represents an opportunity for those willing to assume risk in the highest quality common shares.

At this point, conservative strategies, with ample cash, an emphasis on quality bonds and a focus on finding the best values in quality equities are suggested."

Whatever market volatility we face in the days ahead, we are committed to demonstrate to you the highest degree of professionalism and service.

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Via The Associated Press



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Journal of



VIDEO TIPS & LOWS

EVERETT A. HIGLEY, LOWE

Revenue and profits or losses, in millions, are in thousands.

References



Continued

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Commodities

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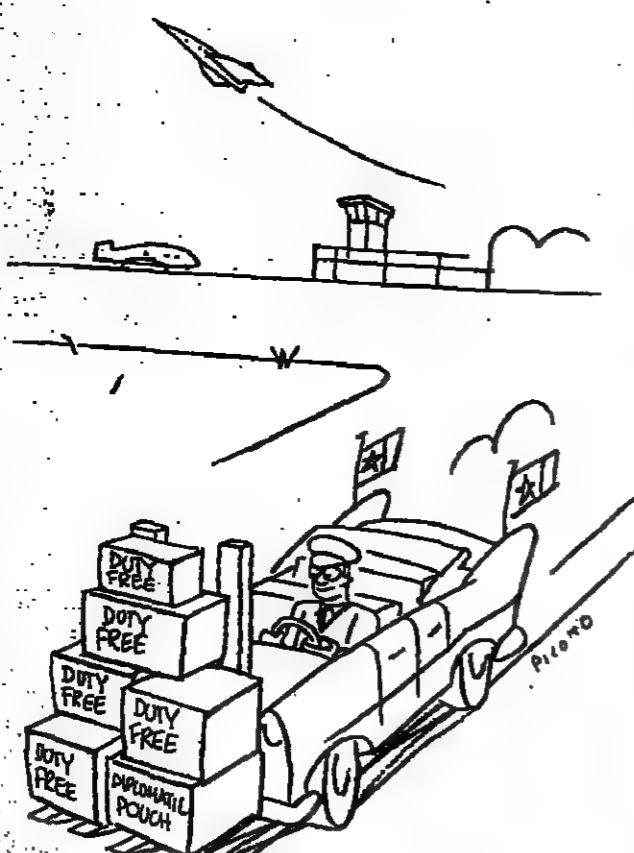


U.S. Printer for Cash

lication Corp. said Monday it had agreed to acquire Alco Gravity

THE WORLD OF DUTY FREE

Shopping



On the Off-Duty Scene

The term is generally applied to goods in airports or in flight, at sea ports or on board ship. These are the duty free zones, but who are the duty free people?

Diplomats

THOSE travelers who are lucky enough to get on a flight out of Brussels on a Friday evening may, as the flight progresses, regret their good fortune. For the bureaucrats on their way home for the weekend are probably carrying their week's supply of duty free goods crammed beneath the seats and overflowing the lockers.

Duty free supply is more than a diplomatic privilege, it is big business. On the grand scale it is limited to a few highly specialized suppliers. A glance through the catalogs of firms such as Weinmann, Chacoli de Decker, Saccocc and Speed — all of them large enough to rival any mail order company — show the range of goods available to furnish embassies in style. It was even rumored that at least one supplier could provide 'bugs' for the walls and secretaries for the typing pool.

Supermarket style shopping is provided by direct sales shops, epitomized by Unocity in Vienna, Diplomatic Cash and Carry in Brussels and International Product Supply in the Hague. As Andy Oerde, chairman of IPS, explains, "Direct sales shops operate like local supermarkets but with different customs facilities. The advantages are that the purchase is immediate with direct contact between consumer and product."

Other embassies are supplied direct from large duty free customs bonded warehouses such as Saccocc and Speed who have offices in London, Paris and Cyprus. There are also mail order companies such as Eurocode International in Holland.

Naturally, overseas embassies insist on a supply of national products. In this way a highly valuable official endorsement is given to national products, and the social whirl of the political circuit provides a prestigious showcase for exporters.

Armed Forces

Every country, particularly those maintaining an armed presence overseas, extends



duty free sales privileges to those on active service abroad. Sales to sailors in foreign waters — the origin of this whole

AFTER a year of mixed political fortunes but further dynamic growth, the \$8 billion duty free industry meets again in Cannes. "By the Trade, for the Trade," the third Tax Free World Exhibition, opened its doors on Monday to its largest ever show at the Palais des Festivals et des Congrès. This year has already seen similar conventions and exhibitions in the United States, the Far East and Britain, but nothing to rival the sheer size and the diversity of Cannes '87.

The opening conference, "Moving towards Tomorrow," set the theme. Organized by the trade paper Duty Free News International and chaired by Vivien Raven and Julien Fox, it provided an up-to-the-minute progress report on today's rapidly evolving duty and tax free business. Papers were read by speakers active in the industry — operators from airports, airlines, shipping and cross border shops and suppliers representing tobacco, liquor, and perfume manufacturers.

Heading the list of hot topics was last year's EEC dismissal of the "seventh directive" concerning the integration of the European market by 1992. The results are likely to be wide ranging in their effects on airline ticket prices, industry unemployment and passenger dissatisfaction, going far beyond Europe itself. A timely paper by David Bernstein showed how strong lobbying and industry representation protected the American duty free business when it was under threat in 1983 and 1985.

The four 'villages' that make up the most acreage of the open span exhibition hall are packed with more



Heathrow's duty free shopping complex.

town. Manufacturers, many of whom have rented nearby chateaux, hold exclusive dinners for buyers and trade associations. Delegates congregate in the restaurants of the Croisette for noisy dinner parties. Everyone seems to end the evening in the Camel Club, sponsored by the cigarette manufacturers, where disco music rocks on into the wee hours.

On Friday, as the Tax Free World Exhibition comes to an end, long lines will form at hotel check-out counters and airport check-in counters. The contractors who have been lurking in the background will move in to dismantle the glittering displays. As the departing delegates bid the winter sunshine farewell they may well reflect on the good times past and problems to come. Whatever their conclusions, it was all in the course of duty free.

inside — benefited vacationers for decades before air travel dominated global movement.

Such sales gave rise to the British NAAFI and American PX store for land based forces.

These large, retail organizations on overseas bases use the supermarket format to sell everything from a pack of cig-

arettes to a vacuum cleaner as a valued 'perk' for service personnel.

The Army Air Force Exchange (AAFE), currently the ninth largest retailer in the United States, employs some 70,000 people to serve 7 million customers worldwide. Generating \$4.9 billion in annual sales, retail overseas retail sales were \$1.33 billion, of which Europe accounted for \$93 million and the Pacific \$400 million. Sales relating to duty free supply were led by tobacco products at 3.9 percent, followed by photography and optical goods at 3.2 percent and cosmetics and fragrances at 2.2 percent.

Offshore Workers

Offshore oil rigs qualify for duty free privileges in much the same category as ships. Workers manning in international waters certainly earn their perks, but the confined quarters and closed community have led to a prohibition on the sale of alcohol.



Portable Computer Eases Airline Sales

OPERATING a fleet of 12 of the latest Boeing aircraft to the sun spots of Europe, Monarch Airlines is well aware that duty free sales are vital revenue earners. On-board sales make a major contribution to the charter airline's strategy of keeping ticket prices and other costs as low as possible. But with a shopping list of 140 items, Monarch needed to create more time for its cabin crews to attend to passengers. In addition, operating trolleys in confined spaces was frustrating and sometimes inefficient.

They approached Inn-Ventory Computers Ltd, which had developed a computer program to handle stock control and sales in the catering industry. Inn-Ventory in turn introduced Husky Computers, which specializes in making rugged shock-resistant equipment. The outcome is the Husky Hunter computer and a unique program to cope with inflight duty free sales and all the complications of foreign currency.

Since the program's inception in May, so much time has been saved that not only have

duty free sales increased but an extra round of the refreshment trolley has become possible. Drink sales have jumped 26 percent. Monarch expects to cover its initial investment costs within twelve months.

A disc with a list of goods for sale is taken on board each flight. It takes about 25 seconds to load this into a master Husky computer which, along with slave, satellite Huskies, rides on the trolleys while sales are made. The computers show whether it is an inward or outward flight and the categories of sales. A minimum of twelve currencies is obtainable so that whatever money is given for the purchase, the calculation for change is immediate and accurate.

At the end of the flight, the data from all the computers is fed into a disc via the master Husky. That disc is handed in with the re-sealed trolleys for customs and company records. Other world airlines have expressed keen interest in the system, and a special company, Husky Airsales, has been established to sell the system. It is also being demonstrated at the Martinez Hotel in Cannes this week during the Tax Free World Exhibition.

Fly Buy Dubai

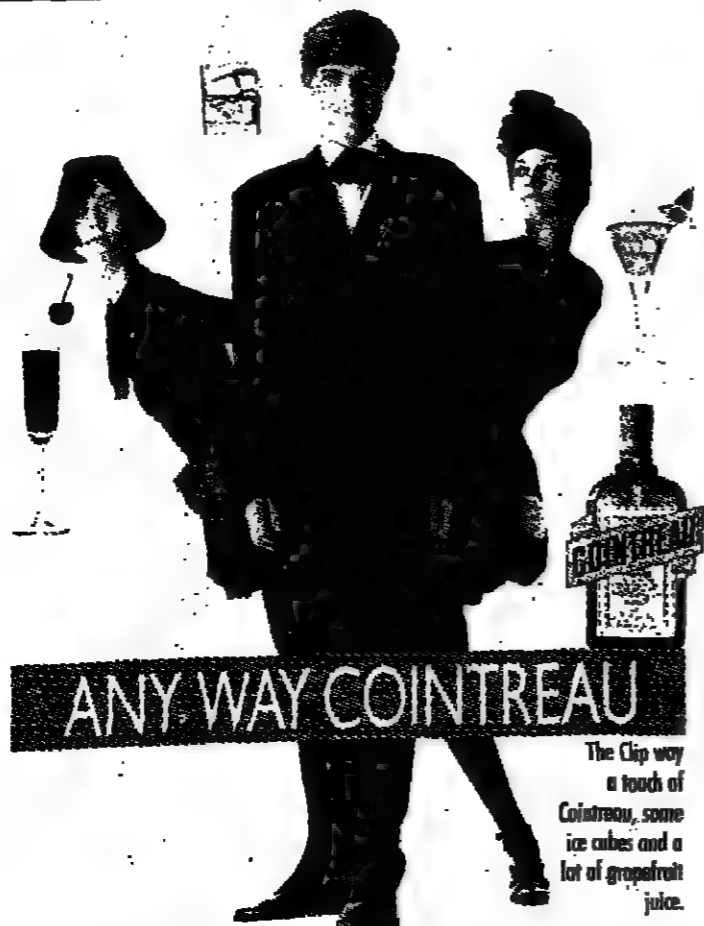
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The next time you fly East or West, make a scheduled transit stop at Dubai International Airport. Take this excellent opportunity to stop and shop at Dubai Duty Free Shopping Complex, the World's No. 1 for best value shopping. Our amazing choice of prestige DUTY FREE products ranging from perfumes, cosmetics, electronics, fashion wear to gold, pearls and even furs, at the world's lowest bargain prices, are the best buys you will ever make. And our elegantly designed DUTY FREE SHOPPING COMPLEX will be an added delight to your shopping stop at Dubai International Airport.

The world's best value Airport DUTY FREE Shopping



DUBAI INTERNATIONAL AIRPORT
DUTY FREE SHOPPING COMPLEX



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The Cointreau way a touch of Cointreau, some ice cubes and a lot of grapefruit juice.

Soyez apprécier Cointreau de toute façon et avec modération.

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One Year Old and Growing

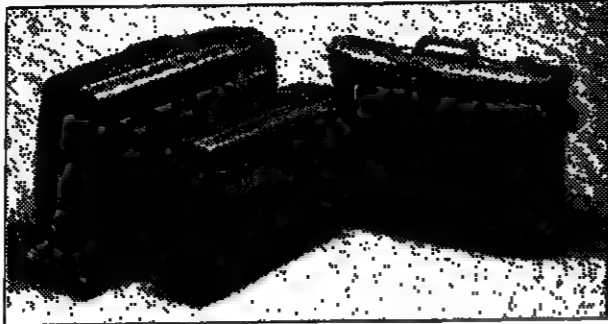
DURING its first year, the Duty Free Club has received the accolade of Best Duty Free Marketing Program from both Frontier Awards in Cannes and On-board Magazine Awards in the United States.

Travelers have shown their enthusiasm for the frequent international travelers club by joining in the thousands. The organization now has members in over 143 countries.

Why is it proving so popular? Because the Club enables travelers to benefit from more than just low duty free prices by linking purchases of selected brands to the collection of points toward high-quality free gifts.

Which brands? The original 14 (Ballantine's, Courvoisier, Canadian Club, Kahlua, Fia Maria, Maker's Mark) have been joined by a further 11. They include Harvey's Sherries, Cockburn's Port, Lamb's Rum, Moreau Chablis, Tescher's Whiskey, Carolans Cream Liqueur, Irish Mist Liqueur, La Ina Sherry and Carlos I Brandy from the House of Domecq.

At the same time, rewards have been extended. In addition, to quality Delsey luggage,



40 POINT START FOR IHT READERS

International Herald Tribune readers are offered a special bonus offer to join the Duty Free Club—a 40 point start. Simply purchase any one of the Club brands from any duty free shop and send it together with your business card to:

The Duty Free Club
Department HT2
Hendon Road
Sunderland
Tyne & Wear
SR9 9X2
England

Your 40 free points plus the points from your initial purchase will be credited to your membership passport.

gauge, the Duty Free Club now offers a range of luxury electronic games that are particularly appealing to the frequent traveler, plus a fascinating Anglo-Saxon game of skill and strategy known as Bombaire—a game that combines the accuracy of pool, the cunning of chess and the speedy excitement of backgammon.

Extra benefits include an upgrade deal with Hertz Business Class—those that order a standard saloon car receive an executive class model at the same rate.

The Club now runs its own Courtesy Desk at key periods within the year at major international airports. Specialist staff are delighted to answer any questions relating to the Club and offer promotional bonuses and tastings on selected Club brands.

THE WORLD OF DUTY FREE Shopping



DUTY FREE FASHION

PEOPLE who shop in duty free stores are among the most style conscious and discriminating in the world. As international trendsetters, they are naturally attractive to designers and manufacturers alike. Top German fashion designer Caren Rieger's collections

are wellknown in major duty free shops and her fashions can be seen at Troendle's in Frankfurt airport.

Her feminine and flattering designs have a luxurious simplicity. Subtle detailing is combined with perfect finish and quality. Clever proportions are coordinated with

long, tight-waisted jackets and closely modeled spencers and short coats. Colors this winter are quietly intense and full of feeling. Apricot and putty, terracotta and black, sand and slate can be found in both ready-to-put and ready-to-wear. Designs include checks, piques and houndstooth.

THE LUXURY LOOK OF LEATHER

ABOVE all, the look of the luggage says everything about the traveler. Fine leather, elegantly designed yet practical, is the hallmark of the relaxed internationalist. That is why such products are to be seen increasingly in the world's duty free shops.

This, in brief, is the philosophy of Dieter Enders, senior vice-president of the German company Goldpfeil, which features its Sport and Camocla ranges at this year's Tax Free World Exhibition in Cannes.

Also from Germany, the elegant Comesse collection of prestige leathergoods can be found in Singapore, Hong

Kong, Australasia, Japan, and the West Coast of America. Miss Ingeborg Kopp, the hard working president of the company, is constantly traveling in order to promote international sales and she has developed a large duty free business in the Far East.

Customers appreciate the hand craftsmanship in the use of ostrich, crocodile, lizard, boxcalf and horsehair—a specialty of the company. Semi-handwoven, giving it a uniform texture and enhancing its natural sheen, each horsehair product is trimmed with top grade calf in a variety of colors including red, grey, opal, navy and green to give it that finishing touch.

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Organize your day better by using a Philips Pocket Memo. It's the fastest way to make notes, record ideas and compose letters without writing anything in longhand. And it makes you independent of your secretary.

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THE WORLD'S NO. 1 IN DICTATION

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Position _____

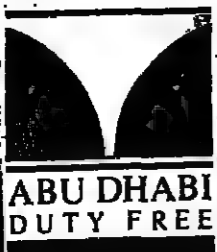
Tel. No. _____

Philips Dictation Systems, Triester Strasse 64, A-1101 Vienna, Austria.

IHT 1987

PHILIPS

Abu Dhabi Airport Duty Free Who on earth can match our prices?

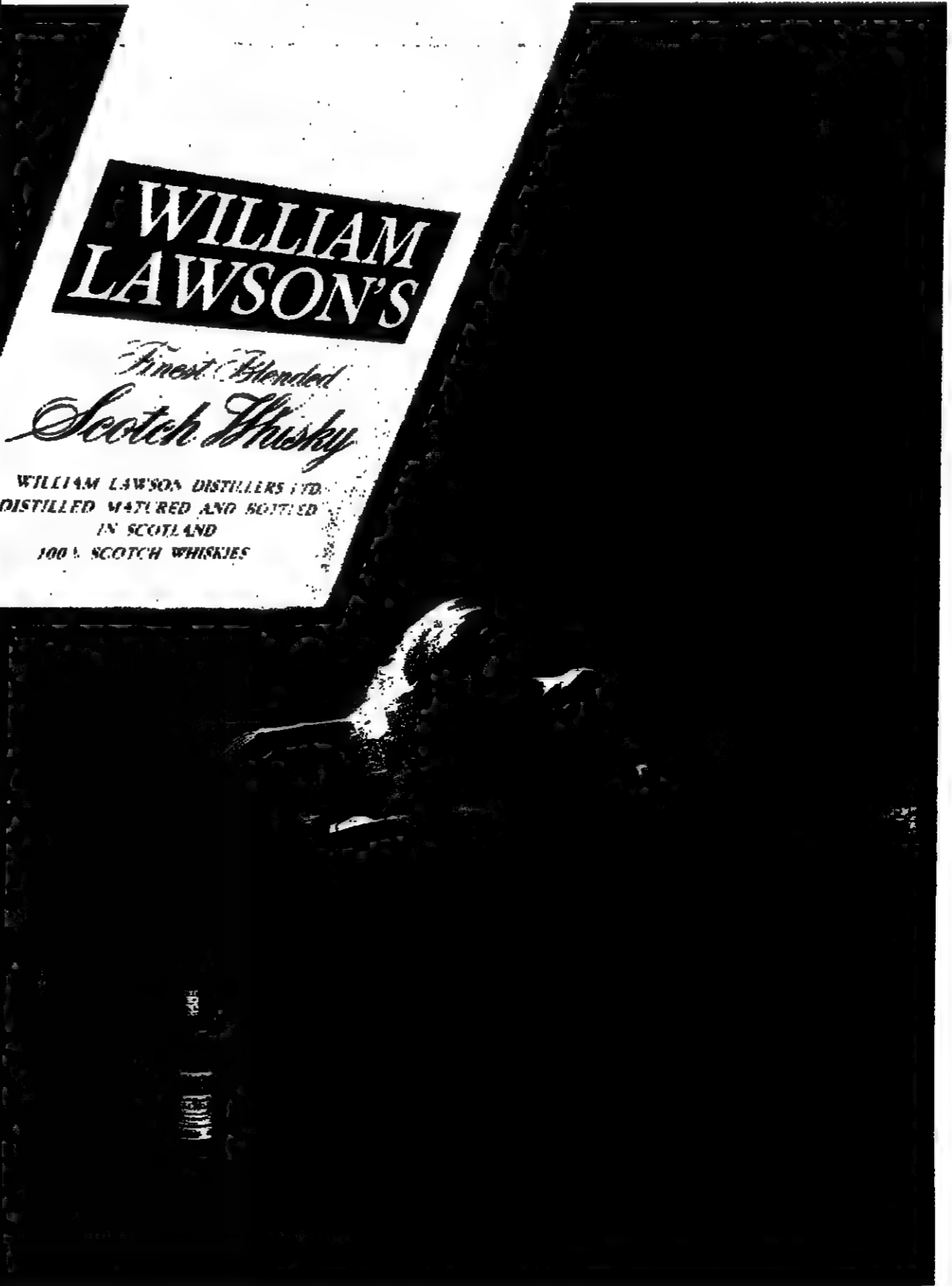


Anytime you fly to, from or over the Middle East, drop-in at the Abu Dhabi International Airport, your gateway to the world. Enjoy a fantastic

our new prize winning Duty Free Shop. Gold and jewellery, watches, electronics, cosmetics, perfumes, cameras, fashion and much more. All at prices

Our prices win prizes

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Light up your evening with a great Scotch.

Abu Dhabi Duty Free



SECOND MOST POPULAR CHOICE

LIQUOR and tobacco take a massive 56.5 percent of the total duty free market, of which the latter accounts for 23.6 percent. Sales are led by cigarettes, but cigars come close behind and pipe or rolling tobaccos make up the balance of the business.

Among the specialty brands are Denmark's Mac Baren Pipe Tobaccos. Manufactured by Harold Halberg Tobacco Factories Inc., these fine tobaccos are exported to over

80 countries. International business is the base of their duty free trade which takes 15 percent of production. The range includes Mac Baren Mixture, Golden Blend and Plumcake in 50g, sealed pouches, and 100g, or 250g, tins. Recent demand also favors more aromatic tobaccos such as Mac Baren Black Ambrosia and Golden Ambrosia. A collectors' item in the coming year will be Navy Mixture, with its tin featuring prints of original paintings

from the Troense Maritime Museum.

Research shows that one third of the cigarettes sold in duty free are bought by non-smokers as gifts. So BATUKE, the international arm of tobacco giant British American Tobacco (BAT) has developed new packaging for its John Player Special and Benson & Hedges Luxury Mild brands. When empty, these attractive drums double as pen and pencil or plant holders.

With sales in some

160 countries and all sectors of the worldwide duty free trade, BATUKE ranks as one of Britain's major exporters.

Of all the Virginia cigarettes sold in European duty free, 60 percent are the company's brands, which include State Express 555, Embassy No.1 and Senior Service. Batuke also represents the U.S. company Brown & Williamson, the world's largest cigar exporters.

Always good value for money, look out for BATUKE brand promotions. Typical is a holiday discount scheme with the purchase of 300 or more Benson & Hedges Special Filter cigarettes. Another ingenious promotion linked to the John Player Special motor racing program is the helmet clock, which won a Gold Award from the Institute of Sales Promotion.

NEW LOOK FOR OLD FAVORITE

LISTENING to our customers' needs is the cornerstone of marketing principles and the foundation of our success," according to BAT's duty free marketing manager David Emmerson. So, from 1988, St. Bruno, Golden Virginia and Gold Block will be packed in the familiar 50 gram fold around pouch with a cellophane overwrapping to maintain freshness. Three Nuns will now be packed in 50 gram tins. To meet a considerable demand for "ready rubbed" St. Bruno this brand has been changed from "flake".

THE WORLD OF DUTY FREE

Shopping



DUNHILL STYLE WORLDWIDE

ALFRED Dunhill Ltd has its own shops in 30 countries and over 80 shops-within-shops around the world. Yet the duty free sector is still an important market for this thriving international company.

Business has increased with the opening of a Dunhill boutique in Terminal 1 at Heathrow. This new shop has been particularly successful with Japanese and European passengers. At Terminal 4 there is an increase in Japanese traffic due to the nonstop London-Tokyo route. Previously this traffic was diverted via Anchorage which picked up the business.

New "Designer" boutiques run by Alders are shortly to open in Terminal 4. These are specifically aimed at the Japanese traveler and Dunhill has a strong presence among other luxury goods companies.

Leathergoods are particularly successful in the duty free

environment and Dunhill provides several comprehensive ranges from fine leather wallets to soft synthetic baggage with leather trim. Travel bags are increasingly lightweight and flexible and Dunhill can provide two ranges called Lite Flite and Rapid Transit. Lite Flite is stain resistant nylon fabric with leather trim in brown or tan.

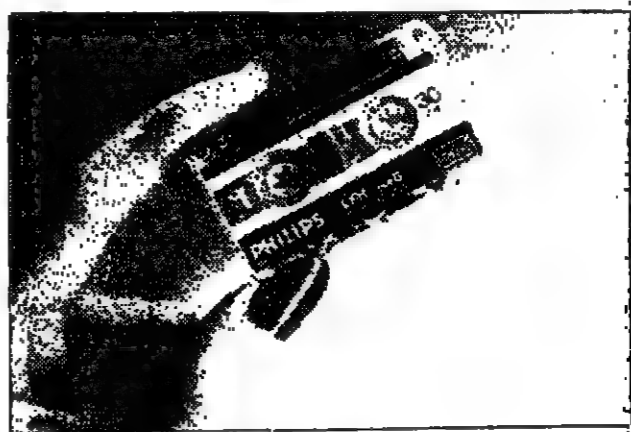
Rapid Transit is made of coated cotton canvas with a distinctive herringbone pattern. The range includes garment bags, holdalls and compact luggage available in grey with black leather trim or brown trimmed with tan.

One particular item in both collections has enjoyed phenomenal success. Called "Trippers", these small holdalls with their own pochette are popular either as a small weekend bag or as an extra bag to be packed for the onward journey and used on the return for all those extras bits and pieces acquired when traveling. As an added bonus the

pochette can be used for carrying wallet, passport and traveler's checks in climates where it is too hot to wear a jacket.

Leather belts are another popular item and 1988 will see further developments in the product line. The most recent addition to the Dunhill range are menswear collections. Silk

ties, polo shirts and kniwear are available in duty free outlets as are watches, lighters, pens and jewelry for men.



PROCESSING THE SPOKEN WORD

THERE is still a way to go before we reach the ultimate in communications: a system that lets people talk to a computer and then watch their words come out instantaneously, perfectly spelled and punctuated. It will probably take at least ten years before even the most rudimentary form of voice-input/word-output is readily available at a realistic price. Yet the first step toward this dream has already been taken by Philips with its Pocket Memo and desk dictation equipment.

Philips developed the minicassette exclusively for dictation, the needs of which are quite distinct. Dictation imposes frequent stops and starts, short rewinds, repairs and fast forwards to a much greater extent than conventional audio recording.

The Philips 0008 minicassette features a unique Visual Index System (VIS). Unlike other marking systems, this is retained and can be seen on the cassette even if it is not in the machine.

As the recorder runs, it inscribes a line on the VIS strip that clearly shows the message length. The user can indicate the start of each message and the location of any special instructions by activating con-

trols on the Pocket Memo or Dictation System. When the tape is to be re-used, the VIS strip may be simply erased.

The Philips Pocket Memo and "Director" 896 can be used for recording thoughts and ideas as they come up, for taking notes, and for conventional dictation of messages, memos and correspondence. Lightweight and compact, they are especially designed for professional and executive users. Two further models — the 805 and 815 — are also equipped with VIS.

For secretaries, Philips provides the 805 transcription unit and multifunctional Desk-Top Dictation System 815. A telephone adapter approved by the telecommunications authorities is available for the 815. A new feature of this office dictating machine is automatic telephone recording in two modes. With the first mode, each conversation is automatically recorded. At the end of the conversation, the tape automatically rewinds to the beginning and is ready to record the next conversation.

This Advertising Section was written by Peter R. Wenban & Associates, London based specialists in world duty free marketing.

RUSSIAN FARE FOR TRAVELERS

CAVIAR and vodka are in plentiful supply in the world's airports thanks to Phodimex, a Soviet/West German joint venture founded in 1974. As the exclusive agent for the Russian Foreign Trade Organization, it is responsible for the export of foods and spirits throughout the world. Names such as Moskovskaya and Stolichnaya vodka are globally recognized. Other tempters

include the sparkling wine Russia, Chataka caviar and a range of fish conserves.

Long an active trader in the tax duty free markets, Phodimex is again exhibiting at this year's Tax Free World Exhibition in Cannes.

In addition to its exporting activity, the company imports goods from many other countries, which makes its presence in Cannes doubly interesting for fellow exhibitors.



Tobacco of international distinction



FINLANDIA VODKA
TRADITIONAL SCANDINAVIAN VODKA DISTILLED SINCE 1888

THE BEST OF TASTE: MIX A BEEFEATER NEGRONI

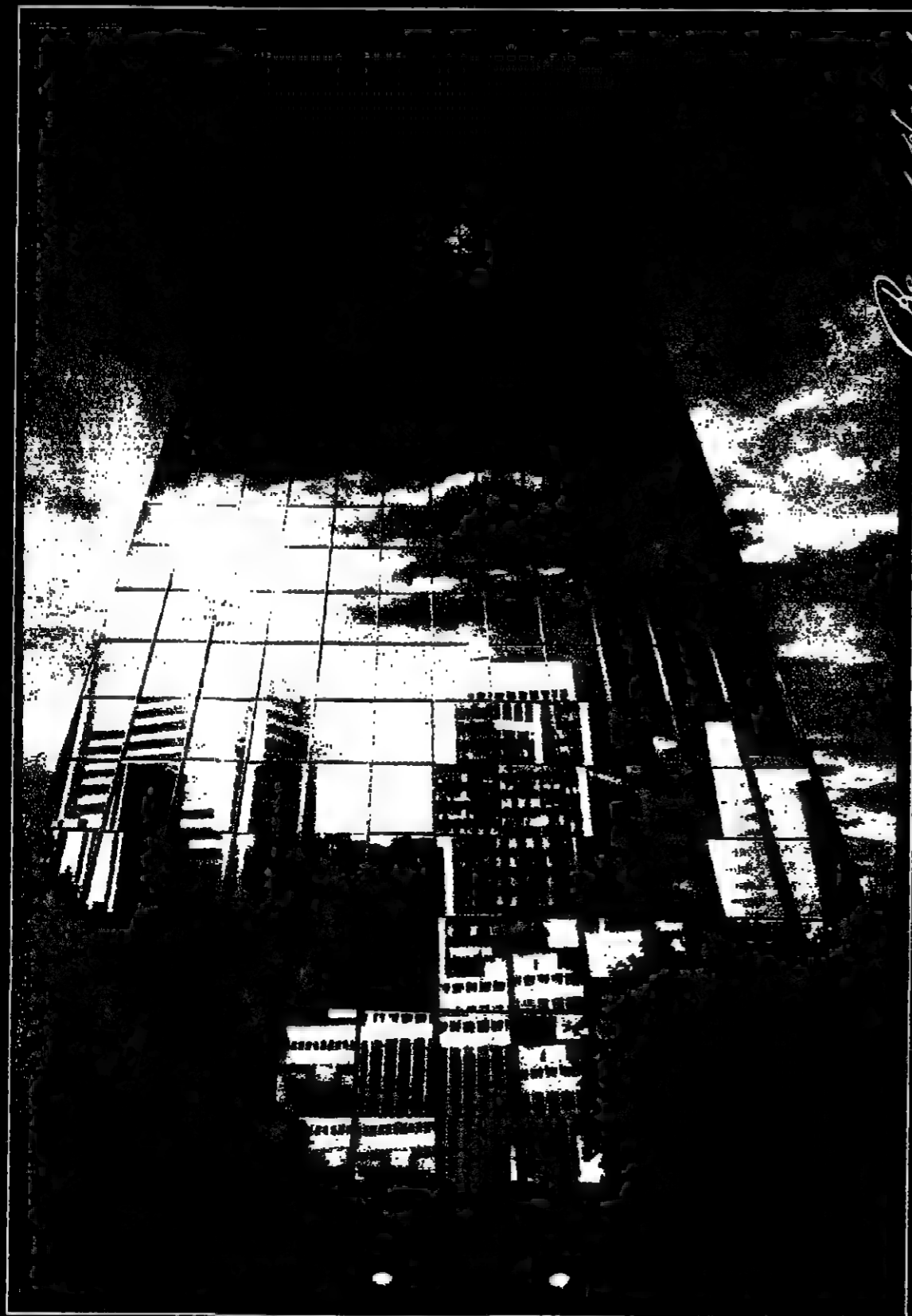
Take one part of Beefeater Gin, one part Campari, one part sweet Vermouth, and mix them over ice in a tall glass. Add a slice of orange, just a touch of soda and serve with a stirrer.

Cheers!
For a recipe leaflet which further demonstrates the excellence and versatility of Beefeater Gin why not write to:

James Burrough, Beefeater House, Montford Place, Kennington Lane, London SE11 5DF, England.



THE GIN OF ENGLAND



Discover gold

Are Up Who Off Hong Kong

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The new Britannia

coins one ounce 31.1035 gr

gold.

It is guaranteed by

Royal Mint, the oldest

world.

مكتبة النور

Stocks Mixed in Asia, Europe

Shares Are Up In Tokyo, Off In Hong Kong

Compiled by Our Staff From Dispatches

TOKYO — Stock prices closed higher Monday on the Tokyo, Sydney and Singapore exchanges but fell in Hong Kong in mostly quiet trading.

The gains on the Tokyo Stock Exchange came despite the dollar's slide to 137.65 yen from its Friday closing of 139.25 yen.

But there were signs of optimism. "I think that the Tokyo Stock Exchange has entered the phase of bottoming out," said Kishio Kanari, head of Kangyo Kakumai Investment Consultant Co.

The 225-stock Nikkei average, the Tokyo stock market's key indicator, gained 593.56 points to close at 23,358.60.

In Sydney, share values rose 5.3 percent. The All-Ordinaries Index closed 68.50 points higher at 1,361.00, partly because of a steady Australian dollar.

And in Singapore, stock prices climbed in active trading amid bargain-hunting and short-covering. The Straits Times Industrial Index rose 33.79 points for the day to close at 872.34, up 6.6 percent from Friday.

But in Hong Kong, which has been the hardest hit of the major Asian exchanges, prices were down. The Hang Seng index, the market's prime indicator of blue-chip stocks, closed at 2,203.23, down 36.90 points or 1.6 percent from Friday.

Trading was thin in Tokyo with volume at about 550 million shares, down from 660.5 million shares in half-day trading Saturday. Advances led declines by a 4-3 ratio.

Dealers said that investors were waiting results of the U.S. Treasury Bill auction, Tuesday. The extent of Japanese participation in the auction is seen as critical to the dollar-yen exchange rate, brokers said. Some Japanese investors also were sidelined ahead of a national holiday Tuesday.

In Hong Kong, brokers said that selling by overseas institutions appeared to have ended. But local investors remained cautious and there were few buyers.

Some brokers welcomed Monday's lack of volatility. "What we need is a stable market," said a broker with a British firm.

Hang Seng index futures closed sharply higher Monday as institutional brokers squared their hedge positions, dealers said. (Reuters, AP, AFP)



A bank clerk changing figures on the board at the Bank of Japan. The dollar plunged on Monday against the yen.

London Index Declines But Volatility Lessens

Compiled by Our Staff From Dispatches

LONDON — Stock prices in European markets were mixed Monday in a welcome respite from the volatility of the past two weeks.

Although prices were lower on many exchanges, there was no repeat of the steep declines of the previous two Mondays.

Share prices opened lower in London and remained depressed throughout the session. The Financial Times-Stock Exchange 100-share index closed at 1,723.7, down 26.1 points, or 1.5 percent.

The index had been down 32.3 points when trading began.

By contrast, the FT-SE 100, the exchange's leading index, had fallen 6.19 percent the previous Monday. And the week before, it had fallen 10.84 percent on Monday, followed by a 12.22 percent drop the next day, after the record 508-point drop in the Dow Jones industrial average.

"It is desperately quiet and there's no business around," said one dealer.

Monday was London's settlement day, with payments due for the past two weeks. Some debt de-

faults are feared. Dealers said, however, that while some small client brokers "may go to the wall," large ones with bank backing should be safe.

In Frankfurt, prices closed down but above the lows of the day. Dealers said the bourse was undermined by expectations that the dollar would decline further.

The Commerzbank index of 60 leading shares, which is calculated at mid-session, fell 20.7 points, or 1.36 percent, to 1,505.3.

Some dealers said Monday's losses were a technical reaction to Friday's surge in prices, when the Commerzbank index gained 6.93 percent. Others said selling from London had depressed shares.

The Zurich, the S.B.C. Index rose 3.60 points, or 1.04 percent, to 345.20. Dealers said that trading was moderate and uneven and that prices were encouraged by bargain hunting after the recent steep falls.

In Madrid, the general index rose 16 points, or 7.19 percent to 238.68.

Markets in Brussels and Paris were closed for a holiday. (AP, Reuters)

DOLLAR: Hits 40-Year Low

(Continued from first finance page)

London Dollar Rates

Currency	Rate	YTD
Swiss franc	1.7115	1.7295
French franc	1.7280	1.7255
Japanese yen	137.65	138.25
Deutsche mark	1.6100	1.6085
British pound	2.9360	2.9365

Source: Reuters

gressive central-bank intervention first prompted the dollar's fall Monday.

Hans Meyer, the third-ranking officer in the Swiss National Bank, who is responsible for foreign exchange, said that recent dollar purchases by the central bank had been intended to smooth the dollar's fall, not reverse it.

Further weighing on the dollar were doubts over the ability of White House and congressional negotiators to make substantial progress on measures to cut the huge U.S. budget deficit.

The market's bearish mood toward the dollar has prompted predictions of further declines in the dollar.

"A lot of people are talking 1.65 marks this week," said Carol Callahan of Credit Lyonnais.

The market also took note of comments by Salomon Brothers Inc.'s chief economist, Henry Kaufman, on Sunday that the dollar was likely to fall further before it stabilized around 1.60 to 1.70 marks and 130 to 135 yen.

Amid all the bearish talk, however, some dealers said the dollar may soon take an upward bounce, although such a move would probably be only temporary.

"A lot of people are looking for some profit-taking or a technical correction on the upside," one dealer said.

Earlier in London, the dollar closed nearly two pence lower at 1.7115 DM, down from 1.7295 on Friday. Before the opening, it had hit a seven-year low of 1.7170 DM.

The dollar also closed more than a yen lower in London, at 137.00, against 138.25 on Friday.

The dollar was also lower against the pound, which closed at \$1.7380, against \$1.7215. The Paris market was closed Monday for a holiday.

Jim McGroarty of Discount Corp. said traders believed that the United States, in particular, was willing to accept a lower value for the dollar.

Earlier in Europe, the dollar was fixed in Frankfurt at 1.7204 DM, down from 1.7393 on Friday.

The dollar closed in Zurich at 1.4193 Swiss francs, down from 1.4270 on Friday.

Riggs Bank Cuts Prime to 8.75%

United Press International

NEW YORK — Riggs National Bank of Washington on Monday reduced its prime lending rate from 9 percent to 8.75 percent.

Riggs, the oldest bank in the District of Columbia, said it believed it was the first U.S. bank to reduce its prime, the base upon which many loan rates are calculated, to less than 9 percent. Most banks cut their prime rates to 9 percent on Oct. 22.

It was Riggs's second lowering of the prime since the Federal Reserve sharply eased credit after stock prices collapsed on Oct. 19, said David Bunting, senior vice president. Riggs lowered its prime from 9.25 percent on Oct. 25.

"We looked at our costs of funds and basically we decided that is the way rates were going to go," Mr. Bunting said.

FED: After the Stock Collapse, Surprisingly Little Fallout

(Continued from Page 1)

point to avoid adding to future inflationary pressures.

The FOMC members — Mr. Greenspan, the other five Fed governors and five of the 12 Federal Reserve Bank presidents — will have somewhat more freedom to choose a course for monetary policy than they did at their last meeting on Aug. 18.

Then, and until after the stock market plunge, the Reagan administration and the Fed were committed to trying to keep the dollar from falling below set levels against the yen and the Deutsche mark.

One way to do so was to raise short-term interest rates, which the Fed did in late August and early September. It acted to try to calm a jittery, weakening bond market in which rates on long-term bonds were rising rapidly.

The reasons for the bond market nervousness were complex, as always, but one element was that many bond traders expected the Fed to have to boost rates in order to prop up the dollar.

Moving in anticipation of an expected event, as markets normally do, traders then bid up rates, according to one Fed official.

In September, the Fed raised its discount rate, the interest rate it charges on loans to financial institutions, from 5.5 percent to 6 percent and began to make cash less readily available to the banking system, steps that generally increased short-term interest rates.

The discount rate has not been cut. But cash has been flowing to the banks in a sufficient quantity to drive short-term rates back down. Rates on long-term government bonds also have come down, by nearly 1.5 percentage points, to about 9 percent.

When the market essentially forced the Fed's hand in September, some senior Fed officials were not all that reluctant to act, believing that the economy was expanding rapidly enough that restraint was needed. In particular, the industrial sector was growing strongly as demand for U.S. exports rose. But the market slump has called all that into question.

There is little information about how great an impact the market decline will have, Mr. Angell said.

Given the uncertainties, analysts said the Federal Open Market Committee probably would decide to keep the money flowing.

Besides, said a Fed official, if the fall in stock prices does slow economic growth next year by 1 to 2 percentage points, it will hold down inflation and postpone the point at which the Fed would have to tighten monetary policy.

Some analysts outside the Fed note that the stock plunge came just before an election year, which may make it harder for the Fed to move against inflation.

For instance, Senator John Heinz, Republican of Pennsylvania, introduced a bill last week directing the Fed to cut its discount rate to 5 percent this week to help the United States avoid a recession.

BAKER: Bonn Firm on Tax Cuts

(Continued from Page 1)

first would not comment on the report, Mr. Pöhl launched a wider defense of the bank's policies in a speech in New York. He insisted that the United States had led the international interest-rate increases that preceded the crash.

In an apparent reference to Mr. Baker's criticism, Mr. Pöhl said that "tiny, market-oriented" increases in Bundesbank rates in the past three months had "sometimes generated comments which were anything but justified and helpful."

Mr. Pöhl also seemed to minimize West German obligations under the so-called Louvre accord of February by saying that the agreement's most important aspect had been a U.S. commitment to cooperate in the efforts of leading industrialized nations to stabilize the dollar against major currencies.

Mr. Pöhl said the Louvre accord was "still alive" and that the chances for more stable exchange rates were "better than many pessimists think." Necessary adjustments have been started in the United States, West Germany and Japan, he said, thanks largely to substantial changes in exchange rates since 1985.

But huge trade imbalances and strong divergences in other areas of economic, fiscal and monetary policy remain, he said.

"In these circumstances," Mr. Pöhl said, "overambitious commitments to peg certain exchange rate levels or target zones run the risk not only of clashing with domestic

monetary objectives but of collapsing when the markets test them.

"Central banks and governments can easily lose their credibility in such a process," he said. "Therefore, it is less ambitious but more realistic to concentrate on managing the existing system pragmatically and flexibly."

But while Mr. Pöhl seemed relatively content with West German policy, the five economic institutes said that "measures to improve the climate for growth should be taken as soon as possible."

The highly respected institutes of Kiel, West Berlin, Munich, Essen and Hamburg — often referred to as "the five wise men" — urged that tax cuts of 39 billion DM (\$32.4 billion) scheduled for 1990 be moved up to 1989.

The institutes estimated the West German growth rate at 1.75 percent for all of this year and 2 percent for 1988, below the government forecasts of 2 percent and 2.5 percent. The institutes predicted only a small decline in the country's current-account surplus, from 75 billion DM this year to 65 billion DM in 1988.

The government had no hesitation in rejecting an acceleration of the tax cuts, arguing that it would hurt the economy by increasing the budget deficit. That could mean higher interest rates, it said.

The government argues that Bonn already has fulfilled promises to stimulate the economy by bringing forward tax cuts worth 5 billion DM to Jan. 1, 1988.

Gilts: As Daiwa Departs, Orion Enters Market

Reuters

LONDON — Orion Royal Bank, the securities arm of Royal Bank of Canada, said Monday it was withdrawing immediately from the Eurobond and gilts markets.

Separately, Daiwa Europe Ltd., the British subsidiary of Daiwa Securities Co. of Japan, said it had formally applied for a license to make markets in gilts, British government bonds.

Orion, which said its losses in Eurobonds and gilts had been small, plans to cut its London work force by up to 150 employees.

A Daiwa spokesman in London gave no details on how many staff members Daiwa Europe might hire or when a gilts operation might start trading.

Daiwa Europe is the second Japanese firm to apply to trade gilts since the first anniversary of the "Big Bang," or deregulation of British financial markets, on Oct. 27. Nomura International Ltd., a unit of Nomura Securities Co., also has applied for a license.

The two Japanese houses will be entering a market where, dealers noted, harsh conditions have already claimed casualties, such as Orion Royal Bank.

FOREIGN & COLONIAL RESERVE ASSET FUND

Asset	Price at 27.10.87
A: U.S. DOLLAR "CASH"	\$14.33
B: MULTICURRENCY "CASH"	\$14.33
C: DOLLAR BONDS	\$12.33
D: MULTICURRENCY BONDS	\$16.47
E: STERLING BONDS	\$12.11
F: DEUTSCHMARK BONDS	\$10.28
G: YEN BONDS	¥10.00
H: S&P 500 EQUITY	£10.64
I: U.S. EQUITIES	\$2.40
J: JAPANESE EQUITIES	¥10.00
K: GLOBAL EQUITIES	\$9.98
L: "STERLING" CASH	\$10.48
M: GOLD	\$11.89

FOR OTHER F & C FUNDS, SEE INTERNATIONAL FUNDS LIST

Trust Busters

At the latest blue-chip market top the public had implicit faith in consumer non-cyclical stocks representing production of soap, soap, cigarettes and cake mixes. Indigo showed where rising raw material costs were going to play the dragons, and the leading blue-chip stock collapsed as wheat rose 20 percent to quadruple futures-market equity. Write, phone or telex for complimentary reports that will cover next prospective price jumps in everything from sugar to petroleum.

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More secure than empires, certainly more secure than paper.

And now there is a new, simple way to buy it.

The new Britannia coin contains one ounce (31.1035 grams) of pure gold.

It is guaranteed by the British Royal Mint, the oldest mint in the world.

It is available from all banks and brokers.

And there are three other coins, which contain half an ounce (15.55 grams), a quarter of an ounce (7.78 grams), and one tenth of an ounce (3.11 grams) of gold.

Their price, of course, is determined by the current price of gold.

Which, in the long term, has always risen.

The new Britannia from The Royal Mint.

THE ROYAL MINT



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Monday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

12 Month High	Low	Stock	Div. Yld. PE	52 High	52 Low	Open	Close
13.7	13.2	ABN AMRO	10	24	7.2	7.2	7.2
14.5	14.0	ABN AMRO	10	24	7.2	7.2	7.2
15.2	14.7	ABN AMRO	10	24	7.2	7.2	7.2
16.0	15.5	ABN AMRO	10	24	7.2	7.2	7.2
16.8	16.3	ABN AMRO	10	24	7.2	7.2	7.2
17.5	17.0	ABN AMRO	10	24	7.2	7.2	7.2
18.2	17.7	ABN AMRO	10	24	7.2	7.2	7.2
19.0	18.5	ABN AMRO	10	24	7.2	7.2	7.2
19.8	19.3	ABN AMRO	10	24	7.2	7.2	7.2
20.5	20.0	ABN AMRO	10	24	7.2	7.2	7.2

12 Month High	Low	Stock	Div. Yld. PE	52 High	52 Low	Open	Close
11.5	11.0	ABN AMRO	10	24	7.2	7.2	7.2
12.2	11.7	ABN AMRO	10	24	7.2	7.2	7.2
13.0	12.5	ABN AMRO	10	24	7.2	7.2	7.2
13.8	13.3	ABN AMRO	10	24	7.2	7.2	7.2
14.5	14.0	ABN AMRO	10	24	7.2	7.2	7.2
15.2	14.7	ABN AMRO	10	24	7.2	7.2	7.2
16.0	15.5	ABN AMRO	10	24	7.2	7.2	7.2
16.8	16.3	ABN AMRO	10	24	7.2	7.2	7.2
17.5	17.0	ABN AMRO	10	24	7.2	7.2	7.2
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15.2	14.7	ABN AMRO	10	24	7.2	7.2	7.2
16.0	15.5	ABN AMRO	10	24	7.2	7.2	7.2
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15.2	14.7	ABN AMRO	10	24	7.2	7.2	7.2
16.0	15.5	ABN AMRO	10	24	7.2	7.2	7.2
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18.2	17.7	ABN AMRO	10	24	7.2	7.2	7.2

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 2nd Nov 1987

AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP
AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP
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AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP	AL-ALB GROUP

Floating-Rate Notes

Issuer/Note	Coupon	Next Pmt	11/11/87	11/11/87	11/11/87	11/11/87	11/11/87
Issuer/Note	Coupon	Next Pmt	11/11/87	11/11/87	11/11/87	11/11/87	11/11/87
Issuer/Note	Coupon	Next Pmt	11/11/87	11/11/87	11/11/87	11/11/87	11/11/87
Issuer/Note	Coupon	Next Pmt	11/11/87	11/11/87	11/11/87	11/11/87	11/11/87
Issuer/Note	Coupon	Next Pmt	11/11/87	11/11/87	11/11/87	11/11/87	11/11/87
Issuer/Note	Coupon	Next Pmt	11/11/87	11/11/87	11/11/87	11/11/87	11/11/87
Issuer/Note	Coupon	Next Pmt	11/11/87	11/11/87	11/11/87	11/11/87	11/11/87
Issuer/Note	Coupon	Next Pmt	11/11/87	11/11/87	11/11/87	11/11/87	11/11/87
Issuer/Note	Coupon	Next Pmt	11/11/87	11/11/87	11/11/87	11/11/87	11/11/87
Issuer/Note	Coupon	Next Pmt	11/11/87	11/11/87	11/11/87	11/11/87	11/11/87

Business Roundup

Henley Discusses

OTC Prices

Monday's OTC Prices

Deutsche Marks

Japanese Yen

Pounds Sterling

مكتبة النسخ

BUSINESS ROUNDUP

Henley Discusses Santa Fe Takeover

NEW YORK — Santa Fe Southern Pacific Corp., a transportation and natural resources giant, said Monday it was negotiating to have Henley Group Inc. buy the 85 percent of its shares that Henley does not already own for \$63 per share, or about \$8.3 billion in cash and securities.

The talks began over the weekend after Chicago-based Santa Fe Southern, which had been resisting takeover overtures, told Henley it would be willing to accept a price of \$63 if the deal were all cash. Henley countered with the cash-and-securities proposal.

"However, no agreement has been reached on the structure of a merger and Henley has yet to arrange financing, the companies said."

Last month, efforts by Henley to acquire the Southern Pacific segment of Santa Fe Southern col-

lapsed. Henley is based in La Jolla, California.

Santa Fe Southern then said it planned to restructure by selling some assets and buying back 38 percent of its stock.

Santa Fe Southern was formed in 1983 by the merger of the Chicago-based Santa Fe and San Francisco-based Southern Pacific companies. But the merged company continued to operate its railroad lines separately, pending government approval.

Earlier this year, the Interstate Commerce Commission refused to permit combination of the railroads and ordered Santa Fe Southern to sell one of them.

With a breaking looming, the company began a takeover target.

Among its main attractions are extensive land holdings, valued at about \$5 billion.

Henley, a conglomerate of engineering and financial services com-

panies spun off in 1985 from Allied-Signal Inc., began buying Santa Fe Southern stock a year ago. It did not disclose its position until March, when it exceeded the 5 percent limit above which disclosure must be made.

After the stock market collapsed on Oct. 19, Henley began buying up Santa Fe Southern stock at its price plummeted.

In the following 10 days, it boosted its stake to 23 million shares, or 14.7 percent of Santa Fe Southern's 156 million shares. Henley said it paid an average of \$43.19 for that stock.

On Monday, it said it had acquired an additional 891,300 shares.

Santa Fe Southern's stock rose \$4.75 Monday on the New York Stock Exchange to close at \$55. In the past year, it has traded as high as \$65 per share and as low as \$29.75.

(AP, Reuters)

Citicorp Assumes PaineWebber CP

Reuters

NEW YORK — Citicorp will take over PaineWebber Group Inc.'s commercial paper business for a "nominal" amount, the companies said Monday. The terms were undisclosed.

PaineWebber, whose CP operation includes more than 50 major issuers, said it would concentrate on businesses where it can achieve higher profits.

It did not disclose the number of people in its CP business, but said that about 30 people in the department would lose their jobs. About four professionals would join Citicorp, which said the transaction would make its CP business the fifth-largest in the United States.

(AP, Reuters)

Elders IXL Puts Off Plan To List 3 of Its Divisions

Reuters

ADELAIDE, Australia — Elders IXL Ltd. said Monday it had decided not to proceed with a proposed restructuring for the time being because of the slump in world stock markets.

The restructuring would have floated off 35 percent each of Elders' three main operating divisions — brewing, finance and agriculture — as well as the company's Courage Ltd. brewery in Britain.

It said that the restructuring would be reconsidered when stability returned to world markets.

Elders said it would recommend against approval of the restructuring proposals at an extraordinary meeting of shareholders Wednesday.

It said its board believed that "Elders IXL's strong financial position should be maintained so that it can take advantage of the many opportunities likely to arise in coming months." It did not elaborate.

Shares in Elders, one of Australia's biggest conglomerates, closed Monday at 3.12 dollars, a drop of 45 percent from 5.68 dollars before the stock market rout began more than two weeks ago.

Elders said that the amount received from any flotation would be significantly less than the proposed cash returns, it said.

It said the board still believed that the separate listing of the three main operating divisions, the fundamental goal of the proposed restructuring, was a sound idea.

(AP, Reuters)

NIGHT: After Dark, a Different Crew Rules Wall Street

(Continued from first finance page)

received. "It's really hectic over there right now," Mr. Blair said of his firm.

Some investment houses do not make the deadline, and top executives will call Mr. Bihansky of Depository Trust, pleading for more time. Often, he tells them no.

"We've had to stretch the deadline over the past week," Mr. Bihansky said. "But we had to cut off several firms."

On the 21st floor, a crew of seven men put the taped material onto cartridges. Michael Wengarten, 27, a senior operator with Depository Trust, sat in a red chair, dubbed "the hot seat," watching billions of dollars in trades scroll by. His job was to keep an eye out for errors or problem trades.

"I don't ever think about the money going by," Mr. Wengarten said. "But you can't help but get nervous about it sometimes."

Downstairs, for another function of the Depository Trust, there are vaults where the actual paper securities are held for securities firms. At 3 A.M., dozens of people were trying to keep up with the increasing flow of securities deposits. Billions of dollars of securities were lying in steel baskets, waiting to have a microfilm record made of their arrival.

"I've been pulled in to work here for maybe three weeks," said Monserrate Rodriguez, who handled one of the microfilm machines.

Throughout the street, pizza and delicatessen food for the hungry night workers is carried by delivery boys. Wall Street's wild week was taking its toll on them, too.

"My arm is weak, my legs are tired," said Marvin Lindbaum, manager of Kaplan's Old New York Catering, as he stood at the register at 4:30 A.M. "When this whole thing settles down, they ought to close Wall Street for a week and give us a vacation."

With 5 A.M. approaching, messengers returned to Depository

Trust to pick up the printed records of the trades.

As the sun's light began to cut through the clouds of the stormy night, Wall Street's daytime workers began to emerge from subways.

By 7 A.M., many headed to their offices, some stopping for breakfast. At the same time, the people

from the night shift, whose casual dress made them now seem out of place on the Street they so recently ruled, left their buildings, some stopping for dinner. Now it was the time of the traders and brokers.

In 12 hours, they would switch places, and the rules of the night would take over again.

GINSBURG: Crime Is Inefficient

(Continued from first finance page)

like statistics, can be used to prove almost anything. Still, academics at the Chicago law school who teach in the area of economics and the law said last week that they were happy with the prospect of having a colleague on the court.

"Those of us who know Doug and are involved in law and economics are delighted," said Daniel R. Fischel, the director of the law and economics program at the University of Chicago. "It's now more than ever clear that what was once viewed as an unusual approach to legal education is now very much the mainstream."

"The long-run future of law and economics depends on something more than the accidents of judicial appointments," Judge Posner said. "It depends basically on whether the analysis is sound and useful and whether it picks up support from professors and their students, who then become law clerks for judges."

Judge Posner declined in a telephone interview to comment about Judge Ginsburg, saying that he considered it improper for judges to take a public position on judicial selections. But he said that the elevation of one judge would have only a limited effect on the influence of law and economics.

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The chief department spokesman, Terry Eastland, speaking for Judge Ginsburg, said Sunday the case bore "no impact" on Judge Ginsburg's personal financial holdings.

Judge Ginsburg "decided he could properly participate because the case before the court did not involve the company in which he had financial interest," Mr. Eastland said.

WASHINGTON — The Justice Department has denied any conflict of interest in the actions of Douglas H. Ginsburg, President Ronald Reagan's nominee to the Supreme Court, when, as an assistant attorney general with about \$140,000 invested in a cable television company, he argued before the high court a case involving expansion of that industry.

Nominee Denies Conflict Of Interest in Cable Case

United Press International

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Eurotunnel Says Stock Offer Is On

Reuters

PARIS — The consortium planning to build a tunnel under the English Channel said Monday that it would go ahead with an effort to raise £750 million (about \$1.3 billion) on stock markets this month, despite the slump in share prices.

Andre Bénézet, co-chairman of the Eurotunnel consortium, said he was confident about the issue despite the problems the tunnel project created for the British Petroleum Co. sell-off and French privatizations.

"Bank loans of £5 billion are linked to the issue's success," he said.

Bilzerian Offers \$1.05 Billion for Singer

Compiled by Our Staff From Dispatches

NEW YORK — An investor group led by Paul A. Bilzerian launched a \$1.05 billion tender offer for Singer Co. on Monday, days after disclosing that it held nearly 10 percent of the electronics company.

Mr. Bilzerian said he would consider selling Singer's military electronics business if he gained control.

The bid amounts to \$50 a share. It is one of the largest tender offers launched since the stock market collapsed on Oct. 19, slashing the stock prices of a number of companies seen as takeover targets.

Singer's shares posted a two-day gain of \$11.875 on Thursday and Friday after Mr. Bilzerian dis-

closed that his group had acquired 9.99 percent of Singer. They jumped a further \$3.125 Monday to close at \$47.25 on the New York Stock Exchange.

Mr. Bilzerian, who is based in Tampa, Florida, said his group, Bilzerian Partners, owned about 2.1 million of Singer's 21.1 million common shares outstanding.

In a letter to Singer's board, Mr. Bilzerian requested a meeting to negotiate the offer, including the price. A Singer spokesman said the company had no comment.

The offer was conditioned on at least 75 percent of the voting shares being tendered and on financing being obtained. It expires at midnight on Dec. 1.

"Right now, our plan would be

to do one of two things: either to keep the businesses and operate them as they are or spin off the defense business if we could realize a greater value," Mr. Bilzerian said.

On Aug. 7, a group led by the Texas oilman T. Boone Pickens disclosed it held a 4.4 percent stake in Singer and might buy up to 15 percent.

After that disclosure, Singer moved its corporate headquarters from Stamford, Connecticut, to New Jersey, which has a tough anti-takeover law.

The Bilzerian partnership indicated last week it would file suit to overturn the law, which bars an acquirer from selling a target company's assets for five years without the approval of the board.

(AP, Reuters)

Monday's OTC Prices

NASDAQ prices as of 2:30 P.M. New York time.

Via The Associated Press

12 Month High Low Stock Div. Yld. % High Low 2 P.M. CHG

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